Supreme Court, U.S.
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No. 04-

In The

Supreme Court of the United States

OCTOBER TERM 2004

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THE MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and RONALD A. PROTAS, individually and as Trustee of the Martha Graham Trust,

Petitioners,

-against-

MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and MARTHA GRAHAM SCHOOL OF CONTEMPORARY DANCE, INC.,

Respondents,

ELIOT SPITZER, ATTORNEY GENERAL OF THE STATE OF NEW YORK,

Intervenor-Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

1. Whether the work-for-hire doctrine can divest an artist from the ownership of her body of work in situations where that artist has established a not-for-profit entity to facilitate the creation and presentation of those same works?

2. Whether the conflict between the United States Courts of Appeals for the Second and the Ninth Circuits with respect to the scope of the work-for-hire doctrine as applied to copyrights of creative works should be resolved in favor of the Ninth Circuit's interpretation?

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

All of the parties to this proceeding are listed in the caption.

The Martha Graham School and Dance Foundation, Inc. has no parent corporations and no publicly held company owns 10% or more of its stock.

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PETITION FOR WRIT OF CERTIORARI

Petitioners The Martha Graham School and Dance Foundation, Inc. and Ronald A. Protas ("Protas"), individually and as the Trustee of the Martha Graham Trust ("Trust") (collectively "Petitioners"), respectfully pray that a writ of certiorari issue to review the Opinion and Judgment of the United States Court of Appeals for the Second Circuit, entered in this proceeding on August 18, 2004, and with rehearing denied by way of an Order entered on October 21, 2004, with respect to the following two issues: (i) to decide as a matter of first impression for this Court the applicability of the work-for-hire doctrine to the copyrights of works prepared by artists who establish not-for-profit entities to facilitate their creative endeavors; and (ii) to resolve the conflict between the United States Courts of Appeals for the Second and the Ninth Circuits with respect to this same issue.

OPINIONS BELOW

Following are citations of the official and unofficial reports of the opinions and orders entered in the case by the Courts below:

Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc., Order of the Second Circuit, filed on October 21, 2004, denying petition for panel rehearing and a petition for rehearing en banc (App. 196a)[1]; *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, Order of the Second Circuit, filed on September 22, 2004, denying petition for rehearing (App. 193a-195a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 380 F.3d 624, 72 U.S.P.Q.2d 1143, 2004 Copr. L. Dec. P. 28,863 (2nd Cir. 2004) (App. 145a-192a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*; Case

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[1] "App." followed by a number refers to citations from the Appendix submitted herewith.

No. 01-Civ. 271, 2003 WL 221733 (S.D.N.Y. 2003) (Cedarbaum, D.J.) (App. 143a-144a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 2002 WL 31056812, Case No. 01-Civ. 271 (S.D.N.Y. 2002) (Cedarbaum, D.J.) (App. 141a-142a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 224 F. Supp.2d 567 (S.D.N.Y. 2002) (Cedarbaum, D.J.) (App. 43a-140a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 43 Fed. Appx. 408, 2002 WL 1467852 (2nd Cir. 2002) (App. 31a-42a); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 153 F. Supp.2d 512 (S.D.N.Y. 2001) (Cedarbaum, D.J.) (App. 1a-30a).

JURISDICTION

This Petition seeks review of the Opinion and Judgment of the United States Court of Appeals for the Second Circuit in this case, dated August 18, 2004, entered on August 18, 2004, and reported at 380 F.3d 624, 72 U.S.P.Q.2d 1143, 2004 Copr. L. Dec. P. 28,863 (2nd Cir. 2004). Petitioner was denied leave for a panel rehearing and rehearing en banc in a subsequent Order, dated October 21, 2004, and entered on October 21, 2004.

By way of a letter dated January 11, 2005, Petitioners were granted an extension of their time within which to file a petition for a writ of certiorari to and including March 21, 2005. (App. 197a-198a).

This Court has jurisdiction to review on a writ of certiorari pursuant to 28 U.S.C. § 1254(1).[2]

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[2] At the outset, a jurisdictional issue must be addressed. As expanded upon *infra*, the Second Circuit ordered a limited remand of this case to the District Court to determine the ownership of seven ballets. The Second Circuit based the partial remand upon a dearth of evidence that (continued...)

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

17 U.S.C. § 26 (1909 Act) (repealed) provides in relevant part: "the word 'author' shall include an employer in the case of works made for hire."

17 U.S.C. § 101 provides in relevant part:

> "work made for hire" is (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties

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[2](...continued)
Martha Graham ("Graham") was a full time employee hired to choreograph dances during the period 1956-1965. (App. 166a-170a). In any event, Petitioners have operated under the assumption that their time to seek certiorari ran from October 21, 2004, the date of entry of the Second Circuit's Order ultimately denying their petition for rehearing en banc. Based upon that assumption, Petitioners sought leave from this Court to extend their original January 19, 2005 deadline to file this Petition. By a letter dated January 11, 2005, this Court granted Petitioners leave to file this Petition up to and including March 21, 2005. Petitioners have complied with the timing requirements of this Court's January 11 letter. Nonetheless, if this Court determines that it lacks jurisdiction over the issues raised in this Petition due to the partial remand, we respectfully request that any such determination be without prejudice, and with express leave to renew at a date certain following the conclusion of the remanded proceedings. Lastly on this point, to avoid waste, if it is determined that this Court does not yet have jurisdiction over the Petition, we respectfully request that the appendices filed herewith be used on Petitioners' subsequent petition for certiorari.

> expressly agree in a written instrument signed by them that the work shall be considered a work made for hire....

STATEMENT OF THE CASE

A. Jurisdiction of the Courts Below

The District Court had subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a). Petitioners filed timely Notices of Appeal on December 2, 2002, and December 31, 2002, appealing a final judgment disposing of all parties' claims entered in the District Court on November 6, 2002, and a denial of Petitioners' motion for relief pursuant to Fed.R.Civ.P. 59 on November 27, 2002. The United States Court of Appeals for the Second Circuit had appellate jurisdiction pursuant to 28 U.S.C. § 1291.

B. Background of the Petition

This case is ultimately about the corporate usurpation of a great artist's legacy, and the dangers posed by the decisions of the District Court and the Second Circuit in this case (collectively the "Lower Courts") to all artists' rights to preserve their intellectual property as they see fit. No rational person can dispute the genius and importance of Martha Graham as a choreographer and dancer. She left behind an extraordinary body of work that rests at the heart of this Petition.

But Martha Graham's talent and importance to contemporary dance are not at issue here. Instead, this case is about whether Graham – or any artist who establishes a not-for-profit entity to further his or her work – had the right to pass control of her vision on to the person she deemed best to preserve it. Martha Graham unambiguously chose her close friend, confidant, and heir, Ronald Protas, whom she personally trained as her artistic successor, to be the one person with final say as to how the artistic integrity of her

work should be preserved. Her last will and testament could not have been more clear:

> In connection with any rights or interests in any dance works, musical scores, scenery sets...which may pass to my said friend Ron Protas..., I request, but do not enjoin, that he consult with my friends, Linda Hodes, Diane Gray, Halston, Ted Michaelson, Alex Racolin and Lee Traub, regarding the use of such rights or interests.

(JA.1629).[3]

Notwithstanding Graham's unequivocal expression of her trust in Protas and her desire that he take charge of her legacy, the District Court in this case, as affirmed in large part by the Second Circuit, determined that Graham's choices about her creations were irrelevant, because she had never owned much of her oeuvre in the first place. Rather, it had been owned by a non-profit corporation, the Respondent The Martha Graham Center of Contemporary Dance, Inc. (the "Center"), that was created solely to service Graham in the creation and performance of her work.

C. Procedural Background

In January 2001, Protas commenced this action against the Center and Respondent Martha Graham School of Contemporary Dance, Inc. (the "School") (collectively "Respondents"), as well as other Defendants, seeking, *inter alia*, a declaration that Protas owned copyrights of the ballets choreographed by Graham during her lifetime.

At trial, Respondents contended that they, not Protas (or the Martha Graham Trust of which he is trustee) owned the copyrights in

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[3] "JA." followed by a number refers to portions of the Joint Appendix filed with the Second Circuit.

the seventy Graham ballets at issue. To support their position, Respondents maintained, *inter alia*, that the ballets created by Graham after she entered into an agreement with Respondents in 1956 were works-for-hire.

After an April 2002 bench trial, the District Court held that Graham had indeed been a mere employee of Respondents, and consequently, that Respondents owned the copyrights in dances she created after 1956. As a result of its findings on the question of work-for-hire (as well as certain assignment issues that are not implicated here), the District Court awarded ownership of copyrights in forty-five ballets to Respondents and the renewal copyright for one ballet to Protas as Graham's heir. It also held that ten of the ballets at issue were in the public domain, and that another five presumptively belonged to their commissioning parties. As to the last nine ballets, the District Court held that neither side owned them. Hence, out of 170 ballets created during her lifetime (culminating with her acclaimed "Maple Leaf Rag" created at age 96), the District Court concluded that Graham owned just one of them at the time of her death.

On appeal, the Second Circuit largely affirmed, holding that all works created by Martha Graham from 1966 until her death were owned by the Center under the work-for-hire doctrine. Hence, the core ruling that Martha Graham was a mere employee of the Center stands.

The Second Circuit did vacate the District Court's judgment with respect to seven works, created from 1956 through 1965, that were unpublished. The Second Circuit's ruling in this regard was based upon its finding that Graham was only a part-time employee of the Center from 1956 through 1965, and that there was no evidence that Graham's employment agreement prior to 1966 included choreography. (App. 166a-168a). As to these seven works, the Second Circuit ordered a hearing on remand to determine whether they passed to Protas through Graham's residuary estate. The hearing on remand is presently scheduled for May 2005.

D. Issues Warranting a Writ of Certiorari

Regardless of whether Graham was a full or part-time employee, it makes no sense to view Graham as nothing more than a hired hand of the institution she created to further her needs. The Second Circuit acknowledged the force of Petitioners' arguments, but concluded that it was a matter for the legislature:

> The argument of the Appellants and the Amici[4] is not without some appeal, at least as a matter of creative arts policy. We understand their point that where a corporation is formed for the purpose of fostering a supportive environment in which an employed artist will have the opportunity to create new works, the default rule should leave the copyrights in the new works with the employee, and place on the employer the burden of pursuing a contract to obtain her copyrights. Whatever the intrinsic merit of such an approach, we conclude that its adoption is a matter of legislative choice for Congress in the future, not statutory interpretation for a court at present.

(App. at 172a).

However, as discussed *infra*, the Second Circuit was not so constrained by either statute or case law, and plainly could have ruled in Petitioners' favor.

Moreover, the Second Circuit's partial affirmance with respect to the application of the work-for-hire doctrine is directly at odds with precedent set by the Ninth Circuit in *Self-Realization*

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[4] Certain *Amici* filed briefs with the Second Circuit in support of Petitioners' position on appeal: specifically, American Dance Festival, Inc., Mr. Gerald Arpino, and Mr. Gordon Davidson (collectively "*Amici*").

Fellowship Church v. Ananda Church of Self-Realization, 206 F.3d 1322 (9th Cir. 2000) ("*SRF Church*"). As discussed in greater detail *infra*, *SRF Church* is factually on point; indeed, the only substantive difference between *SRF Church* and this case is that the facts in *SRF Church* were far more compelling for the purported "employer" than they are here. Nonetheless, the Ninth Circuit rejected the application of the work-for-hire doctrine in *SRF Church*. Accordingly, there is a conflict between the Second and the Ninth Circuits with respect to the application of the work-for-hire doctrine in the context of not-for-profit entities that are established by artists to further their creative goals.

The conflict between the Second and the Ninth Circuits has far reaching implications, affecting not only the case at bar, but the intellectual property of artists in general; indeed, as noted by the *Amici* who filed briefs with the Second Circuit, the Lower Courts' rulings with respect to the work-for-hire doctrine threaten havoc for all who create non-profit corporations designed to assist in the creative process. Such corporations serve a salutary purpose and thereby enrich all of us. But no artist in her right mind would ever enter into such an arrangement if she knew that a court would rule that the consequence is loss of artistic control and ownership

Furthermore, this conflict between the Second and the Ninth Circuits creates a material inconsistency in the application of federal copyright law between New York State and California. It goes without saying that New York and California are national centers of artistic creation. It is thus all the more important that this conflict be resolved by this Court, to ensure that there is uniformity between these States – indeed all States – with respect to this important copyright issue. In sum, this petition presents a dispute between two Circuit Courts that is particularly appropriate for resolution by this Court.

REASONS FOR GRANTING THE WRIT

I.

THE WORK-FOR-HIRE DOCTRINE SHOULD NOT APPLY WHEN AN ARTIST ESTABLISHES A NOT-FOR-PROFIT ENTITY TO FURTHER HIS OR HER ARTISTIC ENDEAVORS

There is no dispute between the parties over the fact that Graham willed all of her interests in her ballets to Protas, her sole heir and designated artistic successor. The parties' dispute is over whether Graham owned anything at the time of her death to leave to Protas. Respondents have contended, and the Lower Courts substantially agreed, that Graham died artistically childless by reason of having given all of her ballets to the Center. However, in light of the fact that the Center's sole mission was to support the development of Graham's work, it simply cannot be reasonably viewed as Graham's employer under the work-for-hire doctrine. *See Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) (not-for-profit failed to qualify as employer of sculptor).

By way of background, in 1956, Graham followed her accountant's advice and incorporated the School to purchase the sole proprietorship she had operated since its establishment. After the Internal Revenue Service ("IRS") granted the School's application for tax-exempt status (JA.2380), its parent body, the Center, helped facilitate Graham's pursuit of her artistic endeavors. ("The board existed to support and promote Martha Graham's work.") (JA.920) ("The Board was there to serve Martha Graham.") (JA. 931). Indeed, the Second Circuit acknowledged that "as the revered doyenne, Graham held remarkable sway over the Center's Board of Directors." (App. 172a).

Due to the longevity of Martha Graham's career, this Petition encompasses works subject to both the 1909 Act, *i.e.*, works created

before January 1, 1978, and works created from that date onward, which are subject to the 1976 Act. As the Second Circuit held in this case, "under both the 1909 and the 1976 Acts, a person's status as an employee renders a work created within the scope of employment as a work-for-hire, as to which the copyright belongs to the employer (in the absence of a contract providing otherwise)." (App. at 164a). However, the nuances of the various tests that courts employ to determine whether someone is an employee for purposes of the work-for-hire doctrine are not at issue here. Rather, Petitioners contend that the work-for-hire doctrine is wholly inapplicable when an artist establishes a not-for-profit entity to further that artist's creative processes.[5] Graham was not an artist whose services were retained in order to make a profit. Rather, Graham established a not-for-profit corporation to facilitate her own artistic endeavors. To deprive Martha Graham of the ownership of her life's work because of this fortuity amounts to an unwarranted expansion of copyright law at the direct expense of basic concepts of ownership.

The Lower Court nonetheless found that the Center – despite being established to further Graham's work – was her employer, and owned Graham's ballets under the work-for-hire doctrine. The Lower Court's finding came despite proof that (i) Graham is recognized as one of the foremost creative geniuses of the 20th century; (ii) she enjoyed complete artistic control over her choreography (JA. 871, 884, 2643); (iii) Respondents had no right to direct her or assign additional projects (JA. 3243);[6] (iv) Graham possessed and exercised

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[5] To be clear, Petitioners do not seek to carve out an exception to the work-for-hire doctrine that is limited to those who objectively qualify as an artistic "genius." Rather, Petitioners contend that artists who pursue their own genius through a personal not-for-profit corporation, regardless of whether they win critical approbation, should not lose ownership of their works by the mere act of establishing a structure to facilitate their artistic endeavors.

[6] Of particular note on this issue, from 1970-1972, Graham did not choreograph a single ballet. (JA.4546). In an October 22, 1971, (continued...)

power to hire and fire Respondents' Board of Directors members (JA. 920, 925, 1449, 1609); (v) she made several no-interest loans and outright donations to Respondents (JA. 1603); (vi) Graham often forgave past-due salary owed her (JA. 2416-17); (vii) she accrued royalties for her ballets (JA. 1610-55, 1885-86); (viii) Graham personally paid (along with third-party benefactors) for her own medical benefits (JA. 1673, 1732, 2554-55); (ix) during the 1950s-1960s, Graham received significant income from other organizations, including Neighborhood Playhouse, Inc., Connecticut College, the Julliard School, and the de Rothschild Foundation (JA. 1680, 1705, 1724); (x) in the 1970s, Graham submitted applications to register copyright – in her own name – of eleven ballets she had choreographed (works 46-47, 49-50, 53-56, 64, 66, and 70) (JA.1878-1880; JA.2239-2259), with three such applications (works 49, 55-56) bearing Graham's signature; (xi) in 1974, the Copyright Office issued a registration certificate for Cave of the Heart (work 50) (JA.4611); (xii) the Cave of the Heart certificate lists Graham as author of the work and separately as its copyright proprietor.

In contrast to the District Court, the Second Circuit acknowledged the "appeal" of Petitioners' position. (App. at 172a). It nonetheless concluded that legislative action would be required in order to find for Petitioners. *Id.* Contrary to the Second Circuit's determination, however, we respectfully submit that nothing in the 1909 or 1976 Acts or the rulings of this or other courts compels a holding that the work-for-hire doctrine applies when artists create not-

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[6](...continued)
letter to former Graham-company dancer Linda Hodes, Respondents' executive administrator, LeRoy Leatherman, opined that Graham had become a "hermit" and could no longer be expected to play any part in Respondents' future because she had "done nothing in more than two years and...for months she has been no more to us than a voice on the telephone." (JA.2365-2366). Notably, Respondents did not fire Graham for non-productivity or dereliction. On the contrary, when Graham returned to Respondents in 1972 after a long illness, she asked for, and received, resignations of several Board members – including Leatherman's. (JA.3237).

for-profit entities to further their artistic endeavors.[7] The 1909 Act simply begs the question, providing that "the word 'author' shall include an employer in the case of works made for hire." 17 U.S.C. § 26 (repealed). Similarly, the 1976 Act defines "work for hire" to mean "a work prepared by an employee within the scope of his or her employment," or, for certain types of work, "a work specially ordered or commissioned." 17 U.S.C. § 101.[8] This Court has never addressed the issue. Accordingly, the Second Circuit's ruling was in no way mandated by statute or case law.

Rather, this Court has held that:

> The Act nowhere defines the terms "employee" or "scope of employment."
>
> * * *
>
> In the past, when Congress has used the term "employee" without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine. *See, e.g., Kelley v. Southern Pacific Co.*, 419 U.S. 318, 322-323, 95

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[7] To the contrary, the Ninth Circuit recently held that works resulting from this type of arrangement belong to the artists themselves. *See Metcalf v. Bochco*, 294 F.3d 1069, 1073 (9th Cir. 2002) (group of screenwriters incorporated "CCA" to develop their ideas; court rejected defendants' argument that CCA, not the screenwriters themselves, owned resulting works as works-for-hire).

[8] It bears mention, however, that in revising the Act, Congress made clear that: "It is generally conceded that there are many works, such as serious music and choreography, that are written 'on special order or commission' but that should not be regarded as 'work for hire.'" *Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill*, 89th Cong., 1st Sess., Copyright Revision Part 6 at 6 (Comm. Print 1965).

> S.Ct. 472, 475-476, 42 L.Ed.2d 498 (1974); *Baker v. Texas & Pacific R. Co.*, 359 U.S. 227, 228, 79 S.Ct. 664, 665, 3 L.Ed.2d 756 (1959) (per curiam); *Robinson v. Baltimore & Ohio R. Co.*, 237 U.S. 84, 94, 35 S.Ct. 491, 494, 59 L.Ed. 849 (1915). Nothing in the text of the work for hire provisions indicates that Congress used the words "employee" and "employment" to describe anything other than "'the conventional relation of employer and employee.'" *Kelley, supra*, 419 U.S., at 323, 95 S.Ct., at 476, quoting *Robinson, supra*, 237 U.S., at 94, 35 S.Ct., at 494; *cf. NLRB v. Hearst Publications, Inc.*, 322 U.S. 111, 124-132, 64 S.Ct. 851, 857-861, 88 L.Ed. 1170 (1944) (rejecting agency law conception of employee for purposes of the National Labor Relations Act where structure and context of statute indicated broader definition).

Community for Creative Non-Violence v. Reid, 490 U.S. 730, 739-740, 109 S.Ct. 2166, 2172, 104 L.Ed.2d 811 (1989).

Martha Graham was simply not a "conventional employee" of the Center that she founded to support her own work. In holding that she was, the Lower Courts do violence to the fundamental principles cited by Judge Friendly back in 1968, that "both in the Constitution and in the Copyright Act, the emphasis is on protecting the 'author' and ... any principle depriving him of copyright and vesting this in another without his express assent must thus be narrowly confined." *Scherr v. Universal Match Corp.*, 417 F.2d 497, 502 (2d Cir. 1969) (Friendly, J. dissenting).

II.

THE CONFLICT BETWEEN THE NINTH CIRCUIT AND THE SECOND CIRCUIT WITH RESPECT TO THE APPLICABILITY OF THE WORK-FOR-HIRE DOCTRINE IN CASES SUCH AS THIS SHOULD BE RESOLVED BY THIS COURT

The Second Circuit's holding that the work-for-hire doctrine applies to this case conflicts with *SRF Church*, 206 F.3d 1322, which is factually directly on point. In *SRF Church*, a not-for-profit corporation ("SRF") founded by Swami Yogananda, claimed that it owned the copyrights to Yogananda's writings as "works for hire". SRF based its position on the facts that (i) Yogananda had been completely supported by SRF during the time the writings were created; (ii) Yogananda had assigned all of his earthly belongings to SRF; and (iii) SRF had actually registered some of these writings with the Copyright Office as works for hire during Yogananda's lifetime.

Notwithstanding this evidence (far more compelling than the evidence offered by Respondents at bar), the Ninth Circuit relied on the Second Circuit's decision in *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549 (2d Cir. 1995), to reject SRF's work-for-hire argument. The Ninth Circuit's reasoning is equally if not more applicable here:

> The Second Circuit has described the "instance and expense" test under the 1909 Act as an inquiry into whether "the motivating factor in producing the work was the employer who induced the creation." *Playboy Enter., Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995). SRF has not introduced evidence that would demonstrate that it was at SRF's "instance" that Yogananda decided to write, teach, and lecture. Works motivated by Yogananda's own desire for self-expression or religious instruction of the public are not "works for hire"…. SRF's relationship with Yogananda was not the type of traditional relationship in which such

> a presumption [of ownership by an employer] would necessarily hold. Moreover, there was no evidence of supervision or control of Yogananda's work by SRF. Yogananda's works were thus not "works for hire."

SRF Church, 206 F.3d at 1326-27.

The Second Circuit does not even try to harmonize this language from *SRF Church* with its holding here. Rather, the Second Circuit sidesteps its disagreement with the Ninth Circuit. *See* the App. at 173a, where the Second Circuit writes that "[w]hether or not we would agree with *SRF Church*[,]" the case is purportedly distinguishable. (Italic emphasis in original). However, the conflict between the Second and the Ninth Circuits on this issue cannot be papered over so easily. Indeed, the only difference cited by the Second Circuit between *SRF Church* and this case is that "[t]he monk was a religious leader who lived under a vow of poverty in quarters provided by the church that he founded and headed. He received a small monthly stipend, having renounced in writing any claim for compensation." *Id.* (citation omitted). But the facts that the Center paid Graham a relatively small salary (which she often forewent), and Swami Yogananda lived in quarters provided by SRF and received a small monthly stipend, hardly amount to significant differences. The connections between this case and *SRF Church* run far deeper than any such superficial distinction.

As in *SRF Church*, no proof in this case showed that Graham engaged in choreography at Defendants' instance or direction. Rather, the evidence was completely to the contrary. Similarly, as was the case with Yogananda, because Graham's ballets were motivated by her own desire for "self-expression," they may not be deemed works-for-hire. Further, as was the case with SRF and Yogananda, the relationship between Graham and Respondents was not the type of "traditional" employer-employee relationship that would lead one to presume that the "employer" owned the artist's works. A 1968 memorandum to the Board setting forth Respondents' guiding principles cements that proposition: "what we should do is

act as Miss Martha Graham's understudies, to assist her in continuing to do the things that she has been doing so well throughout her artistic life and to carry on the tradition that she has so nobly instituted." (JA.2418).

Indeed, the only meaningful difference between this case and *SRF Church* is that the facts there were more favorable to the putative "employer." Unlike Graham, Yogananda had actually taken a vow of poverty, assigned title to everything he owned to SRF, and apparently permitted the Church to register his works as works-for-hire with the Copyright Office. Additionally, although the Ninth Circuit found it relevant that Yogananda had entered into an agreement directing how certain of his works would be copyrighted abroad, 206 F.3d at 1325, the evidence here of Graham's intent is far more compelling in that she actually sought copyright protection for her works. (JA.1878-1880; JA.2239-2259; JA.4611-13).

III.

THE CONFLICT BETWEEN THE SECOND AND THE NINTH CIRCUITS RAISES SERIOUS CONCERNS WORTHY OF RESOLUTION BY THIS COURT

As noted by the *Amici* in their brief filed with the Second Circuit, the number of secular, not-for-profit organizations with tax-exempt 501(c)(3) status in the United States has grown dramatically over the last 50 years: from 12,500 in 1940 to over 700,000 in 2002. (*Amici* Brief at 3) (citing Gary M. Grobman, *The Nonprofit Handbook* 268 (3d ed. 2002)) (citing Peter Dobkin Hall, *Inventing the Nonprofit Sector: 1950-1990,* in The Nature of the Nonprofit Sector (J. Steven Ott, ed., 2001). A significant number of these not-for-profit groups are designed to support the arts. Moreover, support of the arts is an acceptable basis for tax exemption. *See* Rev. Rul. 64-174, 1964-1 C.B. 183; Rev. Rul. 64-175, 1964-1 C.B. 185. (*Amici* Brief at 4).

Not-for-profit arts organizations must ensure that all of their expenditures are used for charitable purposes. Thus, many not-for-

profit art organizations require that the recipients of their funding establish not-for-profit organizations. Hence, by forming not-for-profit organizations, artists become eligible to receive grants from private foundations, government agencies, and public charities that would not otherwise be available to them. Based upon donor requirements, many of these young artists are in turn "employed" by these not-for-profit arts organizations that they founded to assist in their artistic endeavors. (*Amici* Brief at 6).

If the Lower Courts' rulings stand, many of these artists will be unwittingly divested of the copyrights to their artistic production. Making matters worse, many not-for-profit entities are short lived. If a not-for-profit entity that is formed to further an artist's work actually owns the work product – as so held by the Lower Courts in this case – serious concerns arise as to who owns those works of art if and when that entity should cease to exist. (*Amici* Brief at 6).

Respondents argue that *Amici*'s concerns regarding "orphaned" copyrights are misplaced, because the Attorney General of New York has the power to dissolve not-for-profit corporations and distribute their assets. (Respondents' Brief at 49). "Theoretically," Respondents posit, "assets could even revert to the donor artist." *Id.* Even if that observation were accurate, it would be inadequate, as it would apply only to a single State, in direct conflict with the intended nationwide scope of copyright law. *See Reid*, 490 U.S. at 731 (Copyright Act is "expressly intended to create a federal law of uniform, nationwide application[.]").

But it is wrong to boot. Respondents' theoretical "donor artist" (presumably, an "employee-artist" whose creative works are owned by a not-for-profit employer) could never be the recipient of copyrighted works in a judicial dissolution of a not-for-profit corporation, because the IRS requires that, when a 501(c)(3) charity is dissolved, all of its assets must be redistributed to other not-for-profit corporations, or to the State, not to individuals. IRS, Publication 557 at 18. This means that "should an organization dissolve, its assets must be distributed for an exempt purpose described in this chapter, or to the federal government or to a state or

local government for a public purpose. If the assets could be distributed to members or private individuals or for any other purpose, the organizational test is not met." *Id.* Respondents are thus wrong to posit that the "assets could even revert to the donor artist."

The *Amici*'s concerns are real, and they advocate strongly for a grant of certiorari in this case.

CONCLUSION

For the reasons set forth above, the Petition for a writ of certiorari should be granted.

Dated: New York, New York
March 21, 2005

Respectfully submitted,

JUDD BURSTEIN, P.C.

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No. 04-

In The

Supreme Court of the United States

OCTOBER TERM 2004

—♦—

THE MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and RONALD A. PROTAS, individually and as Trustee of the Martha Graham Trust,

Petitioners,

-against-

MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and MARTHA GRAHAM SCHOOL OF CONTEMPORARY DANCE, INC.,

Respondents,

ELIOT SPITZER, ATTORNEY GENERAL OF THE STATE OF NEW YORK,

Intervenor-Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Second Circuit

APPENDIX

Appendix A - Order and Opinion of The United States District Court, Southern District of New York [Pages 1a - 30a]

United States District Court,
S.D. New York.
THE MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and Ronald A. Protas, individually and as Trustee of the Martha Graham Trust
Plaintiffs,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC., Martha Graham School of Contemporary Dance, Inc., Todd Dellinger, Francis Mason, Jayne Millard Clark, Marvin Preston IV, Judith Schlosser, Robert N. Solomon, and Delores Weaver,
Defendants.
Eliot Spitzer, Attorney General of the State of New York,
Intervenor-Defendant.
No. 01 Civ. 271(MGC).

Aug. 7, 2001.

OPINION

CEDARBAUM, District Judge.

The sole heir of Martha Graham and his assignees sue the Martha Graham Center of Contemporary Dance and the Martha Graham School of Contemporary Dance to enjoin them from using the names under which they were incorporated and have operated since 1948 and 1956, respectively, and to enjoin them from calling what they teach the "Martha Graham technique." Martha Graham, the great pioneer of modern dance,

died in 1991 at the age of 96. In 1993, Ronald Protas, her testamentary legatee, applied for trademark registration of "Martha Graham" and "Martha Graham technique." Plaintiffs assert claims of trademark infringement, unfair competition and dilution against the Martha Graham School and the Martha Graham Center. They also assert a variety of claims against these defendants and a number of their directors, as well as a former employee.

Preliminary and final injunctive relief were consolidated with the consent of the parties pursuant to Fed.R.Civ.P. 65(a)(2), and plaintiffs' injunction claims were separated for trial pursuant to Fed.R.Civ.P. 42(b). After expedited discovery, a bench trial was held between March 21 and April 18, 2001.[1] After careful consideration of the evidence, injunctive relief is denied for the reason[1]s that follow.

Since there is no just reason for delay in entering judgment on plaintiffs' claims for injunctive relief, the clerk is directed to enter judgment for defendants dismissing Claims One, Two, Three and Four. The other claims asserted in the complaint will be tried in the fall.

THE FACTS

In determining the facts, I heard the testimony of thirteen witnesses and read the deposition testimony of three witnesses. On the material facts, I found Protas not to be a credible witness.

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[1] To accommodate plaintiffs' request for additional time to conduct discovery concerning various issues which arose during the course of the trial, the trial was adjourned from March 27 to April 16.

I also found Michele Etienne not to be credible, including with respect to an anonymous note that she recalled having seen on a ledger page in 1973.

After observing the witnesses and evaluating their credibility and weighing all of the evidence, I make the following findings of fact.

Martha Graham was one of the leading dancers and choreographers of the twentieth century. Graham began dancing in the early 1920's and gave the first public performance of her own works in 1926. Graham formed an all-woman performance troupe under the name Martha Graham Group. Subsequently, men joined the troupe and its name was changed to the Martha Graham Dance Company. In the late 1920's and early 1930's, Graham began developing her own system of dance exercises and movements that focused on contracted muscles and energy release. After teaching her work informally and as an instructor at various institutions, Graham opened the Martha Graham School of Dance in approximately 1930.

In 1948, Graham and several of her supporters incorporated the Martha Graham Foundation for Contemporary Dance, Inc. under the New York Membership Corporation Law ("MCL"), the statutory predecessor of the current Not-For-Profit Corporation Law. Pursuant to § 10 of the MCL, the Foundation's Certificate of Incorporation included a sworn statement by Graham that she "hereby consents to the use of her name in said corporate title." In 1968, the Foundation's name was changed to its current name, the Martha Graham Center of Contemporary Dance, Inc.

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In 1956, on the advice of Rubin Gorewitz, her tax accountant, Graham incorporated the Martha Graham School of Contemporary Dance, Inc. under the MCL. The new institution was created to purchase the dance school that Graham had been operating as a sole proprietorship since 1930. As the proprietor of the school, Graham was subject to ordinary income tax on all income from the school. The sale of the school to defendant The Martha Graham School of Contemporary Dance enabled Graham to treat the purchase price, which was to be paid in ten annual installments, as long-term capital gain which was taxed at half the rate of ordinary income. In addition, it transferred all of the expenses of the school, including Social Security tax for its employees. There is clear and convincing evidence that Graham sold her school, including the perpetual right to use her name on the school, to the Martha Graham School of Contemporary Dance, Inc. for $50,000, payable over ten years. In addition, Graham entered into a ten-year employment agreement with the School. A number of Graham's tax returns from the late 1950's and early 1960's reflect payments to Graham that were reported as long term capital gain attributable to "Installment Sales Price Payment--Sale of School 1956."

Although the Martha Graham School and the Martha Graham Center ostensibly maintained separate boards and separate accounting books, membership on the two boards was frequently identical; board meetings for the Boards were often held together; and funds from the Center were frequently used to help pay the expenses of the School. Additionally, the Center oversaw and funded the performances of the Martha Graham Dance Company, Graham's unincorporated performance troupe, and the Dance Company often used dancers from the School to participate in performances. Graham served as Artistic Director

and Board member of both the Center and the School until her death in 1991.

Protas first became acquainted with Graham in approximately 1967, when after dropping out of law school, he was doing freelance photography. Although Protas was 26 years old and had no training in dance, he and Graham developed a very close friendship. By the mid-1970's, under Graham's auspices, Protas became executive director of the Center and a Board member of the Center and of the School, and was given the title of Co-Associate Artistic Director of the Center in approximately 1980.

Graham's last will, executed on January 19, 1989, named Protas sole executor and legatee and included the following provisions:

> All personal and household effects, and other tangible personal property ... if owned by me at the time of my death, I give and bequeath to my said friend, Ron Protas, if he shall survive me....
>
> The residue of ... all my property, real and personal, of every kind and description and wherever situated, including all property over which I may have power of appointment at the time of my death ... and including all property not otherwise effectively disposed of hereunder ... I give, devise and bequeath to my said friend, Ron Protas, if he shall survive me, or, if he shall not survive me, to the Martha Graham Center of Contemporary Dance, Inc.

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> In connection with any rights or interests in any dance works, musical scores, scenery sets, my personal papers and the use of my name, which may pass to my said friend Ron Protas ... I request, but do not enjoin, that he consult with my friends, Linda Hodes, Diane Gray, Halston, Ted Michaelson, Alex Racoli and Lee Traub, regarding the use of such rights or interests.

After Graham's death in 1991, Protas succeeded Graham as Artistic Director of the Center and School and was responsible for managing the daily activities of these two institutions. Although Protas had been advised by Peter Stern, the attorney he retained to represent him as executor of Graham's estate, to investigate what rights he actually had acquired under the will, and was given the same advice by Danskin, a manufacturer with which he sought to establish a business relationship, Protas made no such investigation. Nevertheless, he represented to his fellow directors at the Center and the School that he owned the exclusive right to use Martha Graham's name.

In 1993, Protas met with Ciro Gamboni, a partner of Cahill, Gordon and Reindel who had been representing the Center on a pro bono basis.[2] Protas and Gamboni discussed the possibility of obtaining trademark registrations for the name "Martha Graham" and for "Martha Graham technique." Gamboni suggested to Protas that the trademark applications be filed jointly in the name of both Protas and the Center. Gamboni assigned Michael Quinn, an associate in his firm's

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[2] Gamboni became a member of the Board of the Center in December 1993.

Washington, D.C. office, to assist with the trademark applications. Quinn informed Gamboni that a "joint ownership" of the marks was not feasible, but that Protas could assign to the Center an interest in the marks after the registrations were obtained. Gamboni agreed to help Protas file trademark applications with the understanding that the purpose of the applications was to benefit the Center and that the Center would receive a 40% interest in any proceeds generated by licensing the trademarks to third parties.

In November 1993, Quinn, with the assistance of another associate, Scott Martin, filed applications with the United States Patent and Trademark Office ("PTO") on Protas' behalf for registration of the two service marks on which Protas now sues: a) MARTHA GRAHAM; and b) MARTHA GRAHAM TECHNIQUE. The applications, which were signed by Protas subject to the penalty of perjury, stated that Protas owned these marks, that the marks had first been used in commerce in 1926, and that they were used by the Center and School pursuant to an oral license from Graham. The only evidence submitted to the Trademark Office of continuous use of the trademarks consisted of recent Center and School brochures. In drafting the applications and responses to PTO office actions which requested additional information about the alleged oral license from Graham to the defendants, Quinn and Martin relied on unsupported assertions made by Protas and Barbara Groves, a senior administrative employee at the Center who reported to Protas.

On August 15, 1995, the PTO granted federal registration for MARTHA GRAHAM TECHNIQUE in connection with "educational services; namely providing

instruction through classes and workshops in the field of contemporary dance." On October 10, 1995, federal registration was granted for use of the name MARTHA GRAHAM in connection with "educational services; namely providing instruction through classes and workshops in the field of contemporary dance, and entertainment services; namely, organizing and producing performances of contemporary dance." No affidavit of continuous use has been filed with regard to these marks pursuant to 15 U.S.C. § 1065. Accordingly, the marks are not incontestable.

Between 1995 and 1998, the Center and the School continued to operate under the names by which they had been incorporated in 1948 and 1956 respectively and continued to describe the method of dance that they taught as the "Martha Graham technique."

In 1998, Protas, with assistance from Quinn, created the Martha Graham Trust, a revocable trust, which named Protas as its sole trustee and beneficiary. The trust was created to serve as a repository to hold and license all of the Martha Graham intellectual property that Protas claimed he had inherited. After a strained relationship with Protas and increased difficulty with fund-raising, in 1998, the Boards of the Center and the School began discussions with Protas to diminish Protas' role at the Center and School and to replace Protas as Artistic Director. In furtherance of this effort, the Boards entered into negotiations with Protas for a license agreement to use the Graham trademarks.

Initially, Protas was represented in these negotiations by Howell E. Begle of the law firm of Verner, Liipfert, Bernhard,

McPherson & Hand. Begle was replaced by another attorney, Egon Dumler. Protas eventually replaced Dumler with Quinn, who was no longer employed by Cahill, Gordon and Reindel. Todd Dellinger, the Managing Director of the Center and the School, handled the initial negotiations and drafting of the license agreement on behalf of the Center and the School. Dellinger is not an attorney, was hired by Protas, and reported to Protas as his supervisor. Moreover, Protas had asked Dellinger to become the director of his Martha Graham Trust. Dellinger, the initial drafter, remained the custodian and recorder of all drafts.

Robert Solomon, a Board member and a tax partner at the law firm of Frankfurt, Garbus, Kurnit, Klein & Selz, as well as William Prescott, the financial advisor to Dolores Weaver, one of the members of the Board,[3] participated in reviewing the terms of the license agreement on behalf of the Center and the School. Neither before nor during the negotiations for the license agreement did any of defendants' lawyers or directors investigate the validity, or true ownership, of the Graham trademarks.

A written license agreement between the Center and the School and the Martha Graham Trust was executed on July 15, 1999. The agreement contains the following provision granting a license to the Center to use the trademarks:

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[3] Weaver asked Prescott to review the license agreement because Weaver had made a pledge to give the Center a $250,000 grant from the Weaver Family Foundation that was contingent on the Center achieving an agreement with Protas that would result in his relinquishing his position.

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> The Trust grants to the Center a non-exclusive license to the Martha Graham name and to certain Martha Graham marks as identified on the trademark schedule attached hereto (said name and marks collectively referred to herein as "MG Marks") ... The Center may not use the MG Marks other than as specified herein, and the Trust as licensor shall be the sole judge of whether any particular product or service bearing or offered under any MG Mark is within the scope of the license granted hereunder. The use of all MG Marks under this license shall inure solely to the benefit of the Trust and shall not vest the Center with any title or right to the MG Marks or any presumptive right to use such marks except as expressly permitted under this agreement and, then, only while this license agreement is in effect. The Center shall not claim any title or other right to use any Martha Graham mark except as expressly licensed by this agreement, nor will it contest the validity of any right held by the Trust in the Martha Graham marks and any registration therefore.

In addition to a $1 annual licensing fee, the agreement provides for Protas to receive a salary (starting at $55,000 in the first year and increasing to $76,000 in the tenth year) and full health and dental benefits. Additionally, the agreement requires defendants to provide a variety of benefits to an "Artistic Consultant," appointed by the Martha Graham Trust, of which Protas was the sole trustee and beneficiary. These benefits include: (i) membership on the Board; (ii) a furnished office "that is similar in size and appointment to that which was previously afforded Ronald Protas in the Center's former building"; (iii) an executive assistant; (iv) a consulting fee

(starting at $40,000 in the first year and rising to $49,000 in the tenth year); (v) a travel allowance of up to $4,000 per event, up to a maximum of $20,000 per year; and (vi) tickets to the dance company's performances.

Although the agreement did not specifically provide for Protas to step down as Artistic Director, the principal motive for the consent of the Center and the School to the license agreement was their desire to obtain Protas' agreement to step down as Artistic Director. The Board understood that several potential donors would not fund defendants' activities as long as Protas was their Artistic Director. Prior to the execution of the license agreement, Protas had indicated that he would be willing to accept the appointment of Janet Eilber to replace him as Artistic Director. However, because of the continuing financial difficulties of the Center and the School, Eilber was unable to accept the position of Artistic Director. At a meeting of the Boards on February 24, 2000, Protas expressed concerns about Eilber's withdrawal and proposed that he stay on as Artistic Director. At the following Board meeting, on March 23, 2000, the Board approved a motion to remove Protas as Artistic Director. In light of continued financial problems, including the Center's inability to pay its rent and payroll, the Center's Board voted to suspend operations on May 25, 2000.

The license agreement permitted the Martha Graham Trust to terminate the license agreement should any of a number of conditions not be satisfied. One of these conditions required that the Center and the School have "continuing operations," which was defined in the agreement, as follows: "For the Center and School to be considered operational, the combined expense budget must not fall below one million dollars." On May 25,

2000, Protas sent a letter to Francis Mason, the Acting Chairman of the Board of the Center, in which he stated that "the Martha Graham Trust (the 'Trust'), as licensor, invokes its rights under the Agreement entered into between the Trust and the Center to terminate the Agreement effective 12:01 AM EDT on May 26, 2000."

On June 22, 2000, the Board voted to remove Protas from the Board of Directors. Following Protas' removal, Protas, acting through the Martha Graham Trust, founded the Martha Graham School and Dance Foundation ("Foundation"), a not-for-profit corporation organized under Delaware law. The Martha Graham Trust then granted exclusive licenses to Protas' Foundation to establish a school and to license performances of Martha Graham's ballets. Following Protas' departure, the Center and the School received a significant amount of funding. Moreover, the Center and the School obtained a long-term lease to their former premises and a grant for the renovation of the Center's and the School's premises. In December 2000, the Center announced that the School would reopen in January 2001. The School reopened on January 16, 2001.

DISCUSSION

Licensee Estoppel

It is undisputed that Protas registered as service marks "Martha Graham" and "Martha Graham technique" for educational services. It is also undisputed that defendants have used "Martha Graham" in their corporate names since their incorporation in 1948 and 1956, and have used the term "Martha Graham technique" in various educational contexts. Plaintiffs

assert that defendants' use of these registered marks constitutes trademark infringement pursuant to 15 U.S.C. § 1114 and 15 U.S.C. § 1125(a), common law unfair competition and dilution pursuant to 15 U.S.C. § 1125(c) and N.Y. General Business Law § 368-1 (formerly § 368-d). Plaintiffs invoke the doctrine of licensee estoppel and contend that the existence of the 1999 license agreement effectively prevents defendants from contesting the validity of the marks that were registered by Protas, and thus precludes defendants from asserting their right to continue to use the names under which they were incorporated and have operated and the term that they have used to describe the method of dance that they teach.

Under the doctrine of licensee estoppel, "a licensee who has used a designation under a license from another is ordinarily estopped from asserting ownership of the designation as against the licensor." *Restatement (Third) Unfair Competition*, § 33, comment d. *See, e.g., Seven-Up Bottling Co. v. Seven-Up Co.*, 561 F.2d 1275, 1279 (8th Cir.1977); *E.G.L. Gem Lab Ltd. v. Gem Quality Institute, Inc.*, 90 F.Supp.2d 277, 291- 92 (S.D.N.Y.2000); *New York Trust Co. v. Believe It or Not, Inc.*, 12 Misc.2d 736, 178 N.Y.S.2d 12, 16 (1958). However, the doctrine of licensee estoppel is "equitable in nature" and is "not subject to rigid application." *Westco Group, Inc. v. K.B. & Assocs., Inc.*, 128 F.Supp.2d 1082, 1090 (N.D.Ohio 2001). *See also Restatement (Third) Unfair Competition*, § 33, comment d ("licensee estoppel is an equitable doctrine, and a court remains free to consider the particular circumstances of the case, including the nature of the licensee's claim and the terms of the license.").

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Although the facts giving rise to the defenses asserted in this case did not arise after the license from Protas had expired, and could have been discovered had the Boards of the Center and the School acted diligently at any time prior to the execution of the license agreement, it is inequitable to apply the doctrine of licensee estoppel in this case. The means by which Protas procured the trademark registrations, the terms of the short-lived license agreement and the context in which it was executed, as well as the relationship between the parties and the public interest in charitable and educational corporations all argue against the application of the doctrine of licensee estoppel by a court of equity.

Protas provided erroneous and misleading material information to the PTO in prosecuting the trademark applications. The trademark applications misled the PTO concerning the relationship between Graham and the Center and the School. Each of the trademark applications contained the following language:

> use of the mark was licensed to the Martha Graham Center of Contemporary Dance Inc. by Martha Graham during her lifetime, and Applicant is now the licensor of that license by devise. The Center operates the Martha Graham School of Contemporary Dance that is identified on the specimens.

In response to Office Actions posed by the PTO inquiring about the nature of the alleged license from Graham to the Center, Scott Martin, one of the attorneys at Cahill, Gordon and Reindel, asserted on behalf of Protas, that "the mark ... is used by the Martha Graham Center ... by permission of

Applicant, namely by oral license, for use in connection with all those services listed in this Application." However, there is no credible evidence supporting the representation that the Center and the School used these marks pursuant to an oral license from Graham during her life. None of the financial records in evidence reflects any payment to Graham for the use of her name in the title of the institutions or for the use of her name in describing the method of dance taught at the institutions. Similarly, none of Graham's tax returns in evidence reflects any royalty payment to Graham for the use of her name.

A document was proffered by plaintiffs that purports to be an agreement dated September 15, 1988, granting permission to use certain properties belonging to Martha Graham, including "name," for a period of one year for the payment of a designated royalty. This document which is not signed on behalf of defendants has no indicia of reliability. For the first 40 years of defendants' existence, there is no similar document. While plaintiffs argue that this document "memorializes" the existence of a license from Graham over the prior 40 years, nothing in the document corroborates that theory. Additionally, this unexecuted purported agreement was mysteriously placed in the file of defendants when Graham was 94 years old. Michele Etienne, who, as the business manager of the Center, maintained the Center's accounting records at the time, never saw the document during her time at the Center. Moreover, since it is not signed on behalf of defendants, it has no legal effect. This mysterious document, when coupled with evidence of the existence of numerous blank pieces of Center stationery containing Graham's signature at the bottom, is entitled to no weight.

In fact, in 1948, Graham granted the Center (then called the Martha Graham Foundation for Contemporary Dance, Inc.) the right to use her name in its corporate title. There is no credible evidence that that right was revocable or limited to Martha Graham's lifetime. In addition, in 1956, Graham sold her Martha Graham School of Dance, including its name and attendant good-will, to the Martha Graham School. Thus, at the time Protas registered the service marks, the Center and the School did not use the name Martha Graham pursuant to some oral license from Graham or Protas, rather the Center and the School owned the irrevocable right to use the name in connection with the educational services that they provide. Moreover, Graham's will shows that Graham recognized that she did not own all rights to her name. The will refers to "any rights or interests ... which may pass to my said friend Ron Protas." Accordingly, the registration of the names that were the subject of the license agreement, was procured by the presentation of inaccurate and misleading information to the PTO whether intentionally or not.

Additionally, Protas registered the marks in his own name when he was a member of the Boards of the Center and the School although he knew that Graham had expected the Center and the School to continue after her death. Graham's will names the Center as her contingent heir. Similarly, Graham's cremation instructions provide that "in lieu of any funeral or memorial service, contributions be made to the Martha Graham Center of Contemporary Dance, Inc. to support that which has played such a rich and meaningful part in my life."

On September 14, 1990, less than a year before Graham's death, Protas wrote a letter in behalf of Graham, to Jim McGarry

concerning a potentially negative article that was to be written by Laura Shapiro of Newsweek. Protas expressed Graham's concern that Shapiro would be writing a "hit piece" concerning the future of the Martha Graham Company. Protas wrote that "Martha wants to say: 'So deeply concerned am I for the future of my work and that the Martha Graham Center goes on that I have ensured through my attorney that the technique and the ballets will continue to be available and used by the Martha Graham Company and School.'" Accordingly, Protas knew that Graham intended and expected that the Center and the School would continue to use her name after her death. If by registering Martha Graham's name in connection with educational services, Protas sought the ability to preclude the Center and the School from using Martha Graham's name, he was seeking to undermine the arrangements of Martha Graham with respect to the use of her name.

Moreover, because of his position as a director and major employee of defendants, Protas had a fiduciary duty of undivided loyalty to the Center and the School. *Aramony v. United Way of America*, 1998 WL 205331, at * 7 (S.D.N.Y. April 27, 1998) ("As chief executive officer of UWA, Aramony owed the organization and its members a fiduciary duty of undivided loyalty."); *Scheuer Family Foundation, Inc. v. 61 Associates*, 179 A.D.2d 65, 582 N.Y.S.2d 662, 664 (1st Dep't 1992) ("it is well established that, as fiduciaries, board members bear a duty of loyalty to the corporation and may not profit improperly at the expense of the corporation.") (internal citations omitted). The registration of these marks for a purpose adverse to the entities to which Protas owed that duty was contrary to his fiduciary obligations.

Protas also used defendants' pro bono counsel, Cahill, Gordon and Reindel, to register the marks in his own name. Ciro Gamboni, the partner at Cahill who supervised the trademark work, testified that the firm assisted Protas based on the understanding that the registration would benefit the Center and the School. In fact, Protas did not pay attorneys' fees for the services provided by Cahill in association with the trademark applications, further demonstrating that it was the understanding of the parties at the time of the trademark registration that the trademarks were to be used to benefit the Center and the School. It is inequitable to permit Protas to now use these trademarks, which had been registered to help the Center and the School, as a basis for preventing their continued use of the names under which they were incorporated and have used to describe what they teach.

Furthermore, the overwhelming number of cases applying the doctrine of licensee estoppel have involved licenses that were in place for a substantial period of time. *See, e.g.*, *Seven-Up Bottling Co. v. Seven-Up. Co.*, 561 F.2d 1275 (8th Cir.1977) (35 years); *Professional Golfers Ass'n of America v. Bankers Life & Casualty Co.*, 514 F.2d 665 (5th Cir.1975) (9 years); *Smith v. Dental Products Co.*, 140 F.2d 140 (7th Cir.1944) (17 years); *E.G.L. Gem Lab, Ltd. v. Gem Quality Institute, Inc.*, 90 F.Supp.2d 277 (S.D.N.Y.2000) (9 years); *Bandag, Inc. v. Lewis General Tires, Inc.*, 1980 WL 30328 (W.D.N.Y. Mar. 24, 1980) (12 years); *Distillerie Flli Ramazzotti, SPA v. Banfi Products Corp.*, 52 Misc.2d 593, 276 N.Y.S.2d 413 (1966) (42 years); *New York Trust Co. v. Believe It Or Not, Inc.*, 12 Misc.2d 736, 178 N.Y.S.2d 12 (1958) (5 years). The parties executed the short-lived license agreement on July 15, 1999. On May 25, 2000, Protas sent a letter

terminating the license agreement "effective 12:01 AM EDT on May 26, 2000." Licensee estoppel is more persuasive in those instances in which the licensee had implicitly acknowledged the validity of the trademarks over an extended licensing relationship. In the present case, defendants' status as a licensee lasted for barely 10 months.

Finally, the vast majority of decisions that have applied licensee estoppel have involved estopping commercial licensees. *See, e.g.*, *Seven-Up Bottling Co. v. Seven-Up. Co.*, 561 F.2d 1275 (8th Cir.1977); *Smith v. Dental Products Co.*, 140 F.2d 140 (7th Cir.1944); *E.G.L. Gem Lab, Ltd. v. Gem Quality Institute, Inc.*, 90 F.Supp.2d 277 (S.D.N.Y.2000); *Distillerie Flli Ramazzotti, SPA v. Banfi Products Corp.*, 52 Misc.2d 593, 276 N.Y.S.2d 413 (1966); *New York Trust Co. v. Believe It or Not, Inc.*, 12 Misc.2d 736, 178 N.Y.S.2d 12 (1958). In weighing the equities, the status of the licensee and the nature of plaintiffs' claims are important factors. In this case, the Center and the School are not-for-profit educational institutions which contribute to the advancement of the art of dance and Martha Graham's legacy. Plaintiffs seek to prevent those institutions from using the names by which they have been known to the public for almost 50 years and to prevent those institutions from using a term that they have used to describe what they teach for almost 50 years.

For the foregoing reasons, a court of equity should not apply the doctrine of licensee estoppel in this case.

No-Contest Provision in License Agreement

Plaintiffs argue that even if defendants are not barred by the doctrine of licensee estoppel, a provision in the license

agreement precludes defendants from contesting the validity of plaintiffs' trademarks. The agreement includes the following language:

> The Center shall not claim any title or other right to use any Martha Graham mark except as expressly licensed by this agreement, nor will it contest the validity of any right held by the Trust in the Martha Graham marks and any registration therefore.

I construe this provision as restricting defendants only during the duration of the license agreement. This promise to forebear from contesting the marks is included within a clause that clearly involves the obligations of the parties during the existence of the agreement. For example, the sentence immediately preceding the "no-contest" provision states that "The use of all MG Marks under this license shall inure solely to the benefit of the Trust and shall not vest the Center with any title or right to the MG Marks or any presumptive right to use such marks except as expressly permitted under this agreement and, then, *only while this license agreement is in effect.*" (emphasis added). Similarly, the sentence immediately following the "no-contest" provision clearly involves restrictions applicable only during the duration of the license agreement. Once the Martha Graham Trust terminated the license agreement, it cannot continue to seek to enforce a provision that does not survive the agreement.

Moreover, after a contract has been materially breached, the non-breaching party may either continue to perform under the contract and thereby retain the benefits and obligations of the contract and sue for partial breach, or declare the contract

terminated, perform no further and sue for total breach. *See* *Ryan v. Volpone Stamp*, 107 F.Supp.2d 369, 386 (S.D.N.Y.2000) ("Under no circumstances may the non-breaching party stop performance and continue to take advantage of the contract's benefits."). In the present case, the Martha Graham Trust determined that certain actions by defendants, including the Boards' decision to cease operations for financial reasons, constituted a breach of contract. On May 25, 2000, when the Trust invoked its right under the license agreement to terminate the agreement, it relinquished its right to enjoy, or seek to enforce, the benefits of that agreement.

Assignment Provision in License Agreement

Plaintiffs argue that an assignment provision in the license agreement prevents defendants from contending that plaintiffs do not own the trademarks. The agreement includes the following provision:

> To the extent that any rights to any MG Mark or MG Work is deemed hereafter to accrue to the Center, the School, Company or Ensemble, the Center assigns any or all such rights at such time they may be deemed to accrue, including the goodwill associated therewith, to the Trust.

Plaintiffs argue that defendants cannot contend that they are entitled to use the name Martha Graham because they have assigned all rights to the name to the Martha Graham Trust. However, plaintiffs' argument fails. Defendants do not assert, nor is there any evidence, that defendants acquired rights in the marks subsequent to the license agreement. Rather, defendants

argue that the Center and the School acquired the rights to use the name "Martha Graham" in 1948 and 1956, respectively. The license agreement was not executed until 1999. Since there is no contention that rights have "hereafter accrued," the assignment provision does not assist plaintiffs in this case.

Merger Clause

Plaintiffs also argue that the "merger clause" in the license agreement precludes defendants from asserting that Graham had made an agreement with the Center and the School with respect to the use of her name in 1948 and 1956, respectively. The license agreement provides:

> This agreement and all addenda attached contain the entire understanding between the parties hereto and supersede prior written or oral agreement respecting the within subject matter. There are no representations, agreements, arrangements or understandings, oral or written, between the parties hereto relating to the subject matter of this agreement which are not fully expressed herein.

Plaintiffs contend that this provision supersedes any earlier agreement permitting defendants to use the name "Martha Graham." Plaintiffs' argument fails for a number of reasons. First, defendants do not argue that they are entitled to use the name "Martha Graham" under a prior agreement between *"the parties"* to the license agreement. Defendants have proven that they had a prior agreement with Graham, not with the Martha Graham Trust or with Protas. Plaintiffs' argument extending the merger clause to agreements between defendants and Graham,

who was not a party to the license agreement, misconstrues the language of the clause; Protas is not Martha Graham. Similarly, plaintiffs have proffered no evidence to support their contention that the merger clause was designed to supplant agreements that were entered into approximately 50 years before the license agreement was executed.

Defenses to Trademark Infringement

Fraud

Defendants do not dispute that if the trademarks at issue are valid and owned by plaintiffs, they were infringed. However, defendants do raise a number of defenses to trademark infringement. In addition to raising defenses that are specific to each trademark, defendants contend that both trademarks were obtained by fraud. A trademark registration is invalid if it was fraudulently obtained. 15 U.S.C. § 1115(b)(1). "Allegedly fraudulent statements must show a deliberate attempt to mislead the Patent and Trademark Office and may not be the product of mere error or inadvertence." *Pilates, Inc. v. Current Concepts, Inc.*, 120 F.Supp.2d 286, 312 (S.D.N.Y.2000). Moreover, a fraud defense must be proven by clear and convincing evidence. *See Orient Express Trading Co. v. Federated Dep't Stores, Inc.*, 842 F.2d 650, 653 (2d Cir.1988); *Pilates*, 120 F.Supp.2d at 295. Defendants argue that a variety of statements made in the trademark applications were fraudulent. Although each of these statements were clearly and convincingly proven to be false, plaintiffs failed to prove by clear and convincing evidence that Protas knowingly made the statements to mislead the PTO.

APPENDIX A
[Order and Opinion of The USDC,
Southern District of New York]

The "Martha Graham" application included the material misstatement that Martha Graham had orally licensed the use of her name to the Center and the School during her lifetime and that Protas inherited these licenses from Graham at the time of her death. Although there is no credible evidence to support the claim that Graham had licensed her name to the Center and the School, and there is clear and convincing evidence that the Center and the School were owners, not licensees, of the right to use the name Martha Graham in connection with their activities at the time of Graham's death, defendants have not proven that Protas knew the historic facts at the time of the trademark applications. Protas' trademark counsel, Scott Martin, testified that he consulted with both Protas and Barbara Groves, a senior administrative employee at the Center, before providing the information in the trademark applications. Martin did not remember whether the alleged license information originated from Protas or from Groves.

There is no evidence that either Protas or Groves had any actual knowledge of the early relationship between Martha Graham and defendants, and it is clear that neither Protas nor his counsel sought to examine the records that show the early history of the defendants. Since the representations were based on unsupported and unsupportable assumptions, and not on facts known to the applicant, they were misrepresentations of the applicant's knowledge. However, although the applicant was foolish, and perhaps reckless, there is not clear and convincing evidence that he knew and concealed the truth and intended to mislead the PTO. Since that is the proof required for a claim of fraud pursuant to 15 U.S.C. § 1115(b)(1), the evidence is not weighty enough to establish fraud on the PTO.

Prior Use

Defendants argue that they are prior users of the name Martha Graham in connection with their respective educational institutions. In order to assert a prior use defense, "defendants must prove four elements: (1) present rights in the mark; (2) acquired prior to the date of registration; (3) continual use of the mark since that date; and (4) use prior to the registrant on the goods or services that are in issue." *Pilates*, 120 F.Supp.2d at 311.

Martha Graham Center of Contemporary Dance, Inc.

In 1948, Graham and several of her supporters established a not-for-profit institution, the Martha Graham Foundation for Contemporary Dance, Inc. The Foundation was created to support modern dance by promoting and disseminating the Martha Graham technique, as well as raising funds for performances of the Martha Graham Dance Company. The Foundation was incorporated under the Membership Corporation Law ("MCL"), the statutory predecessor of the current Not-For-Profit Corporation Law. Graham was not one of the six individuals who executed the Certificate of Incorporation. Graham also was not listed as one of the original three directors of the Foundation. However, in accordance with § 10 of the MCL, the Foundation's certificate of incorporation included a sworn statement by Graham acknowledging that she "hereby consents to the use of her name in such corporate title." In 1968, the Foundation's name was changed to its current name, the Martha Graham Center of Contemporary Dance, Inc.

Plaintiffs' argue that Graham's consent accompanying the Certificate of Incorporation was a limited license from Graham to the Center permitting the use of her name, and that Graham, as licensor, retained the right to revoke the Center's use of her name. Plaintiffs further contend that Protas, pursuant to the provisions of Graham's will, inherited the ability to step into Graham's shoes and revoke her consent. Plaintiffs' argument is unconvincing. Graham's consent to use her name in 1948 was not a license from Graham to the Center, but rather was an assignment to the Center. This assignment benefitted Graham. The Center was created to raise money to promote the Martha Graham technique and to fund the performances of the Martha Graham Dance Company. Graham's supporters could make tax-deductible donations to the Center. There is no credible evidence that Graham was paid a licensing fee for the use of her name during her life. Additionally, not only is there no credible evidence that Graham intended to retain the ability to revoke the name of the Center or any evidence that Graham believed that she could remove her name, the evidence shows that Graham understood her consent to be an irrevocable assignment to the Center.

By virtue of this assignment, the Center became the senior user of the mark.

Martha Graham School of Contemporary Dance, Inc.

Defendants have also proven by clear and convincing evidence that in 1956, Graham sold the Martha Graham School of Dance, a sole proprietorship that Graham had been operating since approximately 1930, to defendant Martha Graham School of Contemporary Dance, Inc., a not-for-profit entity incorporated

for the purpose of purchasing the school from Graham. Rubin Gorewitz, Graham's accountant and the School's accountant in its early days, testified very credibly that he advised Graham to sell her going concern, Martha Graham School of Dance, including its name, goodwill, assets and operations, to a newly created not-for-profit entity. Specifically, Gorewitz advised Graham to form this new not-for-profit entity because it would allow Graham to stop paying Social Security taxes for her employees, and contributions to the School would be tax-deductible. The sale of her school for a price to be paid in ten installments allowed Graham to treat payments from the newly-formed school as the proceeds of the sale of the school. Thus, her income from the school was transformed into capital gains taxable at one-half the rate of ordinary income. Gorewitz helped structure the sale and prepared the Form 1023 Exemption Application for the School. He also testified that Graham proceeded with the sale. A number of Graham's tax returns from the late 1950's and early 1960's, as well as minutes from a number of Board meetings in the 1960's, confirm Gorewitz's testimony that Graham did sell her School and received the purchase price in installments.

Gorewitz's testimony was further corroborated by a "Protest" transmitted from the Commissioner of Internal Revenue to Louis Goodkind, Philip Zimet and Bernard Bressler, identified on the Protest as the "Attorneys for the Martha Graham School of Contemporary Dance, Inc." The Protest noted that the School:

> purchased, on December 1, 1956, the existing school of dance which Miss Martha Graham had been carrying on for many years as a sole

> proprietorship....For the purchase of the school as a going concern, the corporation agreed to pay to Miss Graham a total of $50,000 to be paid in installments over a period of ten years, and Miss Graham agreed not to permit the use of her name professionally or commercially in the name of any other school or institution of learning.....
> The directors of the School corporation are essentially interested in the Martha Graham Technique, and they desire to make instruction in that technique more widely available on a sound and enduring academic basis. Had they been motivated, however, by materialistic rather than cultural considerations ... they could have done nothing more vital to attract attention to the School and to assure the success of its program than to acquire permanent and exclusive academic use of her name and to engage her personal services as a teacher and lecturer and a supervisor of the educational program of the School. The School was fortunate in being able to do both of these things....
> ....
> the $50,000 in total compensation which the School corporation has agreed to pay in installments over a period of ten years for her School as a going concern and for the exclusive right to use her name in the name of the School....

Accordingly, there is clear and convincing evidence that the School purchased the Martha Graham School of Dance, including, specifically, the right to keep the name Martha Graham in the name of the School. Plaintiffs cannot now preclude the School's use of a name that the School bought, used

and owned for 39 years prior to Protas' registration of the trademark. *See, e.g.*, *White v. William G. White*, 160 A.D. 709, 145 N.Y.S. 743 (1st Dep't 1914) (White established a sole proprietorship which he later incorporated as "William G. White, Inc." White then "assigned and transferred to the corporation all his right, title and interest in and to the business which he had theretofore conducted, including the stock on hand and good will, and received therefor ... capital stock ... of the corporation." After selling his stock, the court refused to allow White to revoke the use of his name by the corporation, because "by his own voluntary act he has given the defendant [corporation] his name and the right to use it."). *See also* *Levitt Corp. v. William J. Levitt et al.*, 593 F.2d 463 (2d Cir.1979) (barring William Levitt, builder of renowned Levittowns who had sold his business for valuable consideration, from subsequently using or advertising his own name in a competing business); *Charles S. Higgins Co. v. Higgins Soap Co.*, 144 N.Y. 462, 39 N.E. 490 (N.Y.1895) (Charles Higgins sold established soap proprietorship, including goodwill and trademarks, to "Charles S. Higgins Company." The Court of Appeals precluded Higgins from subsequently using his name in a second competing company because it would tend "to create confusion and to enable the later corporation to obtain, by reason of the similarity of names, the business of the prior one.").

Martha Graham Technique

The trademark "Martha Graham technique" does not exist in a vacuum. Rather, the term "technique" is distinctive only when combined with the name "Martha Graham." Therefore, the service mark registration issued by the PTO for "Martha Graham technique" provides that "no claim is made to

the exclusive right to use 'Technique,' apart from the mark as shown." Since there is clear and convincing evidence entitling defendants to use the name "Martha Graham" in connection with their respective educational institutions, plaintiffs are not entitled to an injunction to prevent defendants from using the word "technique" in conjunction with the name "Martha Graham."

CONCLUSION

For the foregoing reasons, plaintiffs are not entitled to injunctive relief, and the Clerk of the Court shall enter judgment for defendants on Claims One, Two, Three and Four. With respect to any remedy other than denial of injunctive relief, a separate hearing will be held on September 14, 2001 at 10 A.M.

The foregoing shall constitute my findings of fact and conclusions of law pursuant to Fed.R.Civ.P. 52(a).

SO ORDERED.

Dated: New York, New York
August 7, 2001

Miriam Goldman Cedarbaum
United States District Judge

Appendix B - Summary Order of The United States Court of Appeals, Second Circuit [Pages 31a - 42a]

This case was not selected for publication in the Federal Reporter.

United States Court of Appeals,
Second Circuit.
MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and Ronald Protas, Individually and as Trustee of the Martha Graham Trust,
Plaintiffs-Appellants,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and Martha Graham School of Contemporary Dance, Inc., Defendants-Appellee,
Eliot L. SPITZER, Attorney General of the State of New York,
Intervenor-Defendant-Appellee.
Docket No. 01-9055.

July 2, 2002.

Present MINER, CABRANES and POOLER, Circuit Judges.

SUMMARY ORDER

Appeal from a judgment of the United States District Court for the Southern District of New York (Miriam Goldman Cedarbaum, *Judge*).

UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the judgment of said District Court be and hereby is AFFIRMED.

APPENDIX B
[Summary Order of The United States
Court of Appeals, Second Circuit]

The plaintiffs brought the instant lawsuit against the defendants for, *inter alia,* trademark infringement. The plaintiffs now appeal from a judgment in favor of defendants-appellees after bench trial. For the reasons below, we affirm the judgment of the District Court.

BACKGROUND

One of the most renowned dancers and choreographers of her era, Martha Graham began performing in the 1920s. *Martha Graham Sch. and Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 153 F.Supp.2d 512, 515 (S.D.N.Y.2001). After performing and teaching for several years, Graham founded the Martha Graham School of Dance around 1930. *Id.*

In 1948, Graham helped establish the Martha Graham Foundation for Contemporary Dance, Inc. *Id.* Included with the Foundation's Certificate of Incorporation was Graham's sworn statement that she "hereby consents to the use of her name in said corporate title." *Id.* The Foundation was later renamed the Martha Graham Center of Contemporary Dance, Inc. (the "Center"). *Id.*

In 1956, Graham founded the Martha Graham School of Contemporary Dance, Inc. (the "School") to buy the sole proprietorship dance school that she had operated since 1930. *Id.* In exchange for $50,000, Graham sold her school, and the "perpetual right to use her name on the school." *Id.* Graham also entered into a ten-year employment agreement with the School. *Id.*

In 1967, Ronald Protas first met Martha Graham. *Id.* at 516. With Graham's help, Protas soon had positions in the School and Center. By the 1970s, Protas became executive director of the Center and a Board member of the Center and of the School. *Id.* By around 1980, Protas became CoAssociate Artistic Director of the Center. *Id.* In 1991, after Graham died, Protas became Artistic Director of the Center and School. *Id.*

In her will, Graham bequeathed to Protas all her property "not otherwise effectively disposed of." *Id.* The will also named Protas executor. *Id.* In connection with his role as executor, Graham retained an attorney who recommended that Protas determine what rights he had actually inherited under the will. *Id.* Protas did not heed this advice. *Id.* Nevertheless, the District Court found that "[Protas] represented to his fellow directors at the Center and the School that he owned the exclusive right to use Martha Graham's name." *Id.*

In 1993, Protas sought to have the Center's attorneys file trademark applications in the name of "Martha Graham" and "Martha Graham Technique" (collectively the "MG marks") on his behalf, "with the understanding that the purpose of the applications was to benefit the Center and that the Center would receive a 40% interest in any proceeds generated by licensing the trademarks to third parties." *Martha Graham Sch.*, 153 F.Supp.2d at 516-17.

In November 1993, lawyers filed applications to register the MG marks with the United States Patent and Trademark Office ("PTO") on Protas' behalf. *Id.* In the application, Protas stated, *inter alia,* that he was the licensor of the marks by devise, that the marks were first used in commerce as early as 1926, and

that the Center and School were using the marks pursuant to a license from Graham.[1] *Id.* at 517. In August and October of 1995, the PTO granted federal registrations to Protas (individually) for the MG marks. *Id.*

In 1998, Protas established the Martha Graham Trust (the "Trust") to hold and license the intellectual property that Protas purportedly had received in Graham's will. *Id.* Protas was the sole trustee and beneficiary of the Trust. *Id.* In 1998, the Boards of the Center and the School initiated negotiations with the Trust to license the MG marks. *Id.* None of the defendants' lawyers or directors investigated whether Protas actually owned or validly registered the MG marks. *Id.* at 518.

On July 15, 1999, a written license agreement (the "Agreement") was entered into between the Center and the School and the Trust. *Id.* The Agreement granted the Center and School a non-exclusive license to the Martha Graham name and to certain Martha Graham marks. *Id.* It also provided, among other things, that "[t]he Center shall not claim any title or other right to use any Martha Graham mark except as expressly licensed by this agreement, nor will it contest the validity of any right held by the Trust in the Martha Graham marks and any registration therefore." *Id.* In return for the rights to use the MG marks, the School and Center were required to pay a $1 annual licensing fee and a salary and benefits for Protas. *Id.* In addition, the contract required that they provide benefits for an "Artistic Consultant" appointed by the Trust. *Id.*

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[1] Protas testified at trial that this license was granted orally.

On March 23, 2000, the Board of the Center voted to remove Protas as Artistic Director. *Id.* at 519. The Center's Board also voted to suspend operations on May 25, 2000, because the Center was facing severe funding problems. *Id.* Pursuant to the Agreement--which permitted the Trust to terminate the license if the Center suspended operations--Protas sent a letter to the Center terminating their Agreement effective May 26, 2000. *Id.*

The Board voted Protas off the Board of Directors on June 22, 2000. After the vote, Protas acted through the Trust to establish the Martha Graham School and Dance Foundation (the "Foundation") and had the Trust grant the Foundation exclusive licenses to establish a school and to license Graham's ballet performances. *Id.* After an infusion of funding, the School reopened on January 16, 2001. *Id.* As before, the School used Graham's name in its title.

On January 12, 2001, Protas filed the instant lawsuit against the Center and School claiming, among other things, trademark infringement. He moved for a temporary restraining order barring the Center and School from using the trademarks "Martha Graham" and "Martha Graham Technique." After Protas commenced this action, the Attorney General of the State of New York intervened as a party defendant, acting on behalf of the unnamed charitable beneficiaries of the Center and the School.

The District Court consolidated the trial on the merits and the permanent injunction hearing on trademark issues. After a bench trial, the District Court denied Protas' motion for injunctive relief, entering judgment for the Center and School on

APPENDIX B
[Summary Order of The United States
Court of Appeals, Second Circuit]

August 10, 2001. Protas filed a timely appeal on September 7, 2001.

On appeal, the plaintiffs principally argue that: (1) Protas inherited the rights to Graham's name from Graham's will; (2) the defendants are estopped from asserting ownership rights over the Graham trademarks because of licensee estoppel; and (3) the express terms of the Agreement preclude the defendants from asserting ownership over Graham's name. The District Court rejected these arguments, concluding that the defendants owned the relevant rights to use Martha Graham's name, that applying licensee estoppel would be inequitable, and that the provisions of the Agreement between the plaintiffs and the defendants did not prevent the defendants from asserting their ownership rights.

DISCUSSION

I. Rights of the Center and the School to the MG Marks

A. The Center

The plaintiffs first contend that the District Court erred in concluding that Martha Graham assigned her name to the Center. The plaintiffs assert that Graham merely transferred to the Center a revocable, gratuitous license to use her name, and that as licensor, Graham could revoke the Center's use of her name. The plaintiffs further maintain that when Graham died, Protas inherited the right to revoke the license Graham gave.

Under New York law, a valid assignment does not require incantation of any special language. *Leon v. Martinez,*

84 N.Y.2d 83, 88, 614 N.Y.S.2d 972, 638 N.E.2d 511 (1994) ("No particular words are necessary to effect an assignment; it is only required that there be a perfected transaction between the assignor and assignee, intended by those parties to vest in the assignee a present right in the things assigned."). Indeed, the word assignment need not be used, *see id.*, and the assignment may be oral, *see Speed Prods. Co. v. Tinnerman Prods., Inc.*, 179 F.2d 778, 782 (2d Cir.1949).

In its comprehensive and thoughtful opinion, the District Court concluded that Graham's consent to the School's use of her name in 1948 was not a license, but rather constituted an irrevocable assignment. *Martha Graham Sch.*, 153 F.Supp.2d at 526. There is sufficient evidence in the record to sustain the conclusion that Graham assigned to the Center the rights to use her name in connection with the Center. First, as the District Court pointed out, there is no evidence that during her life Graham was paid a licensing fee for the use of her name. *Id.* Furthermore, there is no evidence that Graham sought to retain the ability to revoke her name from the Center. *Id.* Indeed, the transfer of rights contained no term of use or expiration date. Rather, the evidence shows that Graham consented to the "use of her name in said corporate title," *id.* at 515, and never tried to revoke that consent, *id.* at 526. By its nature, this consent indicated Graham's intention to give her name to the Center for as long as the Center existed.[2] That the Center could exist indefinitely under the same name is clear. *See* New York

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[2] Graham envisioned that the Center would continue after her death and after Protas' death. In her will, Graham provided that if Protas should predecease her, all of her property would pass to the Center.

Not-For-Profit Corporation Law ("NPCL") § 202(a) (2002) (formerly Gen. Corp. Law § 14(1)) and NPCL § 801 (under New York law, a charitable organization may continue indefinitely in the name under which it is incorporated unless steps are taken to change its name). Thus, the District Court did not err in concluding that Graham assigned her name to the Center, and that the Center possesses the rights to use Graham's name.

B. The School

Second, the plaintiffs argue that Graham's sale of her sole proprietorship to the School in 1956 did not thereby transfer to the School rights to her name for use by a school. The plaintiffs assert that neither the testimony of Graham's accountant at the time of the sale nor the documentary evidence concerning the sale sustain such a conclusion.

But the District Court had ample evidence to hold that Graham sold the use of her name to the School in 1956. First, the District Court observed that Graham's accountant at the time "testified very credibly that he advised Graham to sell her going concern, Martha Graham School of Dance, including its name, goodwill, assets and operations, to a newly created not-for-profit entity." *Martha Graham Sch.*, 153 F.Supp.2d at 526. In addition, the District Court found that documentary evidence, including Board minutes and Graham's tax returns, corroborated the accountant's testimony. *Id.* at 526-27.

The accountant's testimony was also bolstered by a letter, prepared by the School's attorneys in 1958, to challenge the IRS's initial decision to deny the School tax exempt status (the "Protest"). According to the Protest, the School bought

Graham's sole proprietorship "as a going concern and for the exclusive right to use her name in the name of the School...." *Id.* at 527. The Protest also stated that Graham "agreed not to permit the use of her name professionally or commercially in the name of any other school or institution of learning." *Id.* at 526. In view of the accountant's testimony and the above documentary evidence, the District Court did not err in holding that the School owned the right to use Graham's name.

II. Licensee Estoppel

Next, the plaintiffs argue that it was error for the District Court to have failed to apply the doctrine of licensee estoppel.

The doctrine of licensee estoppel is "ar equitable doctrine" under which "[a] licensee who has used a designation under a license from another is ordinarily estopped from asserting ownership of the designation as against the licensor." Restatement (Third) Unfair Competition, § 33, cmt. d (1995); *see also Bucky v. Sebo*, 276 A.D. 545, 95 N.Y.S.2d 769, 771 (1st Dep't 1950) ("It has long been the law of this state that a licensee is estopped from challenging the validity of a patent, until he has completely repudiated and renounced the licensing agreement."). Nevertheless, because it is an equitable doctrine a "court remains free to consider the particular circumstances of the case, including the nature of the licensee's claim and the terms of the license." Restatement (Third), § 33.

The District Court cited numerous reasons for why it would be inequitable to apply licensee estoppel, including that: (1) Protas provided erroneous and misleading material information to the PTO in registering the MG marks; (2) Protas

sought to undermine Graham's intent that her name be used by the Center and the School; (3) Protas breached his duty of loyalty to the Center and School by improperly benefitting himself at the expense of those institutions; (4) the Agreement between the Trust and the Center and School was in place for a short period of time; and (5) the School and Center are not-for-profit institutions which have used the Graham name for almost fifty years. *Martha Graham Sch.*, 153 F.Supp.2d at 520-23. The District Court also found that Protas was not a credible witness. *Id.* at 515. We conclude that the District Court was well within its discretion not to apply licensee estoppel for substantially the reasons it provided.

III. License Agreement

Finally, Protas argues that the terms of the Agreement prevent the Center and the School from asserting rights to the MG marks. Protas points to several clauses in the contract including the no-contest provision, the assignment provision, and the merger clause. However, Protas' strongest argument arises from the assignment provision of the Agreement. That clause provides:

> To the extent any rights to any MG Mark or MG Work is deemed hereafter to accrue to the Center, the School, Company or Ensemble, the Center assigns any or all such rights at such time they may be deemed to accrue, including the goodwill associated therewith, to the Trust.

Id. at 523. The District Court construed this language to require the defendants to assign to the plaintiff only rights to the MG

works which "hereafter ... accrue." *Id.* at 523-24. Because the Center and School's rights in the MG works vested many years *before* the Agreement, the Court determined that no rights *subsequently* accrued to the Center or the School. *Id.*

However, we conclude that the District Court erred in interpreting the terms of the assignment provision. The provision does not require assignment of rights which "accrue hereafter" but rather, assignment of rights which are "deemed hereafter to accrue." The word "hereafter" modifies the word "deemed" and clarifies that the Center is required to assign any MG rights to the plaintiff which are *subsequently deemed* or *later adjudicated* to vest in the Center. Thus, were the contract valid, any judicial determination occurring after the Agreement and concluding that the Center has rights to the MG marks would require the Center and the School to assign those rights to the plaintiffs.

Despite the District Court's erroneous interpretation of the assignment clause, we do not believe that the District Court erred in denying an injunction. First, Protas cannot enforce this provision of the contract because Protas explicitly terminated the contract. Under the terms of the Agreement, "[a]ny action short of termination shall not affect any other rights or obligations of the parties." By implication then, termination of the contract would deprive the terminating party of the rights under the Agreement. Moreover, under contract law, the plaintiffs were faced with a choice:

> [W]hen one party to a contract feels that the other contracting party has breached its agreement, the non-breaching party may either stop performance and

> assume the contract is avoided, or continue its performance and sue for damages. *Under no circumstances may the non-breaching party stop performance and continue to take advantage of the contract's benefits.*

Ryan v. Volpone Stamp Co., 107 F.Supp.2d 369, 386 (S.D.N.Y.2000) (emphasis supplied); *see ARP Films, Inc. v. Marvel Entm't Group, Inc.*, 952 F.2d 643, 649 (2d Cir.1991) (applying New York law) (noting that a party's decision to continue receiving benefits under the contract is tantamount to an election to affirm the contract). But in the case at hand, the plaintiffs are seeking to do what contract law does not permit them, namely, terminate the Agreement and then enforce the provisions of that Agreement. Once the plaintiffs terminated the Agreement, effective May 25, 2000, they could no longer take advantage of the Agreement's benefits, including the assignment clause. Accordingly, we conclude that the District Court did not err in granting the defendants' motion for summary judgment and denying the plaintiffs' request for an injunction.

For the reasons set forth above, the judgment of the District Court is hereby AFFIRMED.

Dated: New York, New York
July 2, 2002

Appendix C - Order and Opinion of The United States District Court, Southern District of New York [Pages 43a - 141a]

United States District Court,
S.D. New York.
THE MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and Ronald A. Protas, individually and as Trustee of the Martha Graham Trust
Plaintiffs,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and MARTHA GRAHAM SCHOOL OF CONTEMPORARY DANCE, INC. Defendants,
Eliot Spitzer, Attorney General of the State of New York,
Intervenor-Defendant.
No. 01 CIV. 271(MGC).

Aug. 23, 2002.

OPINION

CEDARBAUM, District Judge.

What property did Martha Graham, the great dancer, choreographer, and teacher, own at the time of her death in 1991? That is the central question in the second phase of this lawsuit. The main dispute is with respect to ownership of copyright in the dances she created. That is a federal question. Subsidiary disputes with respect to ownership of the costumes and sets for the dances and fiduciary duties owed by the plaintiff to the defendants are state law issues that arise from the same nucleus of contested facts.

Between 1956 and her death in 1991, Martha Graham was employed by defendants Martha Graham Center of

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Contemporary Dance Inc. ("the Center") and Martha Graham School of Contemporary Dance Inc. ("the School"), two not-for-profit corporations that operated as a combined entity. During that 35-year period, Graham created many dances with the members of the Martha Graham Dance Company ("the Dance Company") and the students and teachers at the School, all of whom were employed by the defendants. Prior to 1956, Graham had been the individual proprietor of a dance school.

The parties agree that during her lifetime, Graham created 70 dances that are fixed in a tangible medium of expression from which they can be reproduced.[1] Thirty-four of those 70 dances were created after 1956 ("the post-1956 dances"), during Graham's employment by the defendants, and 36 were created prior to 1956 ("the pre-1956 dances"). Ronald Protas, as legatee under Graham's will, and as trustee of the Martha Graham Trust ("the Trust"), a revocable trust of which he is the creator, trustee, and sole beneficiary, seeks a declaration that he owns copyright in all of the 70 dances. Defendants counterclaim for a declaration that the Center and the School are the true owners of all rights in Graham's choreographic works and related sets, costumes, and other personal property.

Based on a preponderance of the credible evidence, for the reasons that follow, Protas has proved copyright ownership for the renewal term of one dance. Defendants have proved ownership of copyright in 45 of the dances. Ten dances, of which two were commissioned by third parties, are in the public domain. With respect to five dances (two published and three

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[1] The claims are limited to those 70 dances.

unpublished) which were commissioned, neither side has borne its burden of proving that the commissioning party intended the copyright to be reserved to Graham. Finally, neither side has proved that the remaining nine dances, which were published, were published with the required statutory copyright notice.

Protas also seeks replevin and a declaration of ownership of all Noguchi sets created for the dances at issue and certain items of tangible property.[2] Defendants counterclaim for breach of fiduciary duty by Protas, and seek a constructive trust to recover the proceeds of his licensing of the ballets, sets, and costumes to third parties and of his sale of defendants' property to the Library of Congress. In addition, defendants seek disgorgement of ten years of Protas' salary and of payments made to Protas by defendants under a 1999 license agreement. Defendants also seek the same recovery as damages for counterclaims of fraud and negligent misrepresentation. Finally, defendants counterclaim for replevin of various items of property that Protas currently possesses and assert that Protas owes them money improperly borrowed.

THE FACTS

During a bench trial held between April 22 and April 29, eighteen witnesses testified in the courtroom and designations from the deposition of one witness were submitted. This trial was an effort to recapture a history that partially predated the

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[2] Plaintiff has withdrawn the breach of contract claims asserted in the complaint. No evidence was presented at trial with respect to his unjust enrichment claim and his claim that defendants failed to comply with the reporting requirements of section 519 of the New York Not-For-Profit Corporation Law. Therefore, those claims are dismissed.

knowledge and memory of the living witnesses. Accordingly, the few ancient documents that were produced became very important guideposts.

Plaintiff called the following witnesses: (1) Francis Mason, who, in 1973 or 1974, became a member and Chairman of the Center's board of directors. After two or three years, he became Chairman Emeritus of the board. In 2001, Mason again became Chairman of the board; (2) Marvin Preston, IV, who has considerable experience in the financial management of companies, and who became Executive Director of the Center in March of 2000; (3) Kevin Rover who was, from 1984 to 1989, an attorney with the firm of Morrison, Cohen, Singer, & Weinstein, counsel to the Martha Graham Center. He joined the Center's board of directors in the late 1980s; (4) Linda Hodes, who first met Graham in 1940 when she went to Graham's studio for a dance lesson, and who was a principal dancer with the Dance Company from the early 1950s until 1964. In 1977, Hodes became Director of the School and Rehearsal Director of the Dance Company. Between the late 1980s and 1992, Hodes was a member of the Center's board of directors. She also had the title of Associate Artistic Director; (5) James McGarry, the attorney who drew Graham's last will in 1989; (6) Lee Traub, who studied with Graham in 1942, was a member of the Center's board of directors from 1974 to 1994 and Chairman of the board for ten years; (7) Jeannette Roosevelt, who served as a member of the Center's board of directors between 1965 or 1966 and 1973, and became President of the Center in 1968; (8) Judith Schlosser, who has been a member of the Center's board of directors since 1974 or 1975; (9) Ronald Protas, the plaintiff, who met Graham in 1967, and who became an employee of the defendants in 1972. By the

mid-1970s, Protas had become Executive Director and a board member of the Center and the School. In approximately 1980, he was given the title of Co-Associate Artistic Director; (10) Cynthia Parker-Kaback, who, in 1973, was hired as manager of the Dance Company by Protas and served until 1982; (11) Petek Gunay, an associate in the law office of plaintiff's counsel, who was assigned by counsel to go to the New York Public Library and view videotapes listed in one of defendants' exhibits.

Defendants called the following witnesses: (1) William McHenry, who was a member of the Center's board of directors from 1967 to 1973; (2) Edmund Pease, a certified financial analyst, who was a member of the Center's board of directors between 1974 and 1979. He also served as Treasurer and Vice-President; (3) Christopher Herrmann, who was assistant to the General Director (Protas) in 1987, then Director of Special Events and Projects until 1989, when he left the Center. In 1990, Herrmann returned to the Center as Director of Film Projects; (4) Stuart Hodes, who was a principal dancer with the Dance Company between 1947 and 1958, after which he taught at the School and worked to help the School gain accreditation; (5) Marvin Preston, *see supra;* (6) Terese Capucilli, who was a principal dancer with the Dance Company between 1979 and 1997, Co-Associate Artistic Director from 1997 to 2000, and currently principal-dancer, Artistic Coordinator, and teacher at the School; (7) Christine Dakin, a dancer with the Dance Company between 1976 and 2000, who is currently a member of the dance faculty of the defendants; (8) Janet Eilber, who became a principal dancer with the Dance Company in 1972 and danced with the Company throughout the 1970s. She also was a teacher at the School. In 1998, she was invited to become Artistic Director for the defendants.

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After observing the witnesses, evaluating their credibility and weighing all of the evidence, I make the following findings of fact. I incorporate in this opinion the findings of fact stated in my earlier opinion, *The Martha Graham Sch. & Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc.*, 153 F.Supp.2d 512 (S.D.N.Y.2001), *aff'd*, 43 Fed.Appx. 408 (2d Cir.2002). Familiarity with the facts detailed in that opinion is assumed. I will only repeat facts that are of special significance to the claims at issue in this part of the case. After listening to his evasive and inconsistent testimony and observing his demeanor, I again find Protas not to be a credible witness.

Between 1930 and 1956, Graham operated a dance school as a sole proprietorship. Prior to 1956, she created 36 of the dances at issue. She was commissioned by a number of renowned musical and cultural organizations to create seven dances, which were first performed between 1944 and 1953: Appalachian Spring, Herodiade, Dark Meadow, Cave of the Heart, Night Journey, Judith (created in 1950)[3], and Canticle for Innocent Comedians. In 1948, Graham was one of the incorporators of the Martha Graham Foundation for Contemporary Dance ("the Foundation"), a not-for-profit corporation that was renamed the Martha Graham Center of Contemporary Dance in 1968.

In December of 1956, Graham sold the dance school she had been running as a sole proprietorship to the then newly incorporated not-for-profit, Martha Graham School of Contemporary Dance, Inc. The purposes of the School, as stated

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[3] This dance has to be distinguished from another dance named Judith, which is also at issue in this case, and was created in 1980.

in its certificate of incorporation were to, *inter alia*, "teach the science and art of the dance," and "in conjunction with the conduct of such school, ... to compose, perform and demonstrate, and to commission the composition, performance and demonstration of dances, ballets, dramas and music ...."

The Center operated as an umbrella organization, encompassing the teaching, choreographing, and performing of dances by the School and the Dance Company. The defendants--the Center and the School--operated as one entity. They were located on the same premises; for many years, they had identical boards of directors which held joint meetings; funds from the Center were used to pay the School's expenses for sets and costumes; and the accounts of the School and Center were combined for auditing purposes.

In December of 1956, when Graham sold her sole proprietorship to the School, she entered into a ten-year employment agreement with the School to serve as "Program Director." Graham's job title later changed to "Artistic Director." There was uniform credible testimony that Graham was an employee of the defendants until her death in 1991. Protas conceded in his testimony that Graham was an employee of the Center. In January 1958, the School submitted a tax protest ("the protest") to Internal Revenue in defense of its previous request for exemption from federal income tax. The protest stated that Graham had "full charge and responsibility for the educational program of the corporation."

Minutes of a combined annual meeting of the School's members and board of directors in June of 1966 show that Graham's employment agreement was extended for another ten

years. As Artistic Director, it was her responsibility to create new dances, to maintain the repertory of dances, to rehearse the company, and to supervise the School. Francis Mason, Judith Schlosser, and Lee Traub, members of the Center's board of directors, testified credibly that Graham's responsibilities during her employment included the creation of dances. During the entire period of her employment, the defendants paid her a salary from which they withheld taxes. They paid social security tax for her and also paid for her personal, travel, and medical expenses and other employee benefits.

In January 1957, in the course of developing the School as the center of her "theatre," Graham gave all of her theatrical properties to the School. In this transfer, Graham included 16 complete theatrical sets, most of which had been created by the renowned artist, Isamu Noguchi, the entire costume wardrobe used with the sixteen works, and all her electrical and basic stage equipment. In 1969, Graham donated to the Center a collection of books and various biographical materials which a professional appraiser valued at $2,500.

In 1968, LeRoy Leatherman, Executive Administrator of the Center, denied a request by the director of the Netherlands School to perform the dances created by Graham. In his letter denying the request, Leatherman stated that Graham had assigned all performing rights to the Center. In 1971, Leatherman wrote a letter on behalf of Graham to Linda Hodes, responding to Hodes' request to perform the dances during her time at the Netherlands Dance Theater. He stated in that letter that Graham had "assigned all rights to all of her works to the Martha Graham Center, Inc." LeRoy Leatherman was the principal managerial employee of the defendants and a member

of the board of directors of the School from its founding in 1956 to 1972. In January of 1958, as Secretary and Treasurer of the School, he signed the tax protest submitted to Internal Revenue by the School and stated that the information contained in the protest was true to his knowledge, information, and belief. Jeanette Roosevelt, who served as a member of the Center's board of directors from 1965 or 1966 until the end of 1972, and as President of the Center and of the School from 1968, testified credibly that Leatherman was very loyal to Graham and was concerned that her wishes be met. Roosevelt also testified credibly that during the period in which she served on the board, it was the board's understanding that Graham "gave" her works to the Center and that "whenever dances were created, they would become works that the board was responsible for."

In 1974, Edmund Pease, Treasurer and member of the Center's board of directors, with the aid of Lutz and Carr, an accounting firm, undertook "a thorough study" of the commingling of the assets belonging to the Center and to Graham with the purpose of determining what belonged to whom. According to Pease, his examination of documents dating back to 1948 revealed that dance royalties had been paid to the Foundation/Center and that the Center had borne the expense of creating the sets and costumes. The study's final report concluded that the Center's assets included the dances, sets, and costumes, and recommended that these items be carried on the Center's balance sheet as assets at nominal value. Pease personally submitted this report to Graham. She did not express any disagreement with the report's findings. Pease thereafter presented the report to the Center's board of directors while Graham was present. Francis Mason, member and Chairman of the Center's board of directors at that time, testified

that the board approved Pease's report. The report and the board minutes pertaining to this period have been lost or destroyed. Pease was a forthcoming and credible witness at trial.

Ronald Protas first became acquainted with Graham in approximately 1967, when he was a 26-year-old freelance photographer. The two developed a close friendship. Over the years, under Graham's auspices, Protas became an increasingly important figure at the Center. His arrival in 1972 as a Center employee was followed shortly by resignations, requested by Graham, of longstanding members of the board who had personal knowledge of the Center's history. Protas was copied on some of the resignation letters that were received in response to Graham's request. Although he was not a dancer, by the mid-1970s, Protas had become Executive Director of the Center and a board member of the Center and the School. In approximately 1980, he was given the title of Co-Associate Artistic Director.

Protas maintained control over the Center's board minutes and book-keeping by hiring as Center employees individuals who regarded him as the "boss," reported to him, and "accepted his word." In 1973, Protas hired Cynthia Parker-Kaback to serve as a manager for the Dance Company. She remained a Center employee until 1982. Parker-Kaback frequently attended the Center's board meetings and typed the minutes of those meetings. At the first trial, she testified credibly that she gave Protas the minutes for his approval before disseminating them. In addition, Judith Schlosser, a member of the Center's board of directors, testified credibly that the minutes were "usually edited by Mr. Protas."

In 1973, Protas also hired Michele Etienne, who served as the Center's business manager until 1998. On cross-examination at the first trial, Etienne testified that during her employment at the Center, no royalty payments were made to Martha Graham. Although I did not believe much of Etienne's testimony, I do credit her statement that no royalties were paid to Graham by defendants. In spite of that admission, Etienne testified at the first trial that on April 14, 1989, she prepared a memorandum for Protas stating that "[i]n accordance with the Board of Trustees resolution of 1987 Ms. Graham is being paid a royalty of $40,000 per annum for the use of her ballets, her costumes and her Noguchi sets."

Protas had easy access to the Center's funds, and he supervised the Center employees who kept the books. In 1992, Protas "took" $10,000 as a bonus for himself from the Center's funds and later informed Michele Etienne that he had done so. He also borrowed $7,000 and $2,500 on separate occasions from the Center. In addition, in November of 1985, Lutz and Carr, accountants for the Center and School, notified Lee Traub, Chairman of the Center's board of directors, that Protas owed the Center money and that he had "refuse[d] to acknowledge his debt to the Martha Graham Center and School." In December of 1985, Protas wrote to Traub giving examples of what he had spent some of the money on. In explaining that he had spent some of the money on film, video cassettes, and camera equipment, he stated that the "camera equipment ... reamins [sic] the property of the [C]enter," and that "I donate my photographs for the use of the [C]enter."

As Graham's physical abilities waned in the final years of her life, Protas became her spokesperson. Judith Schlosser

testified credibly at the first trial that Graham did not attend board meetings regularly between 1987 and 1991 and that the board would learn of her views through Protas: "Ron Protas would say, Martha wants, or Martha said, or Martha would like."

Although he was a fiduciary of the defendants, Protas was aware of his personal interest and the potentiality of conflict. In June of 1988, Protas wrote to Alex Racolin, a member of the Center's board of directors. In that letter, Protas stated that he "ultimately ... want[ed]" Rick Burke, a board member, "off the board and friends on, right now the board is tilting in a direction I do not understand and it scares me." In the same letter, Protas wrote: "[f]or now I want to do everything possible to strengthen my position, in terms of [M]artha's will, board people and the sets." Lee Traub, a member of the Center's board of directors, testified credibly that Protas had the "final say" on who could or could not be a board member: "He put them on and took them off."

In June of 1988, Peter Morrison, a member of the Center's board of directors, commenced an investigation into the ownership of Noguchi sets. A mysterious document, entitled "Addendum to the Minutes of the Board of Trustees" for June 23, 1988, a separate page that was not incorporated into the board minutes for that day, states that "[t]he Board unanimously confirmed that all of the sets of Isamu Noguchi were given to Martha Graham, and that if some were credited to the [C]enter's assets, that this was incorrect and would be changed. It was only asked that it be formally implemented through Peter Morrison." It is hard to understand why such a freestanding addendum to the board minutes was necessary. All drafts of

minutes, however, were edited by Protas before they were circulated.

When Morrison fell ill, Kevin Rover, a member of the Center's board, took over the investigation. Rover testified credibly that he was not shown numerous documents pertaining to the ownership of the sets and costumes, including, in particular, documents referring to Graham's 1957 transfer of all theatrical properties to the School. Evidence admitted at the first trial shows that Protas wrote Rover a letter stating that:

> As we discussed last evening I feel the best way to go forward immediately is to accept Martha's offer to allow the use of the Herodiade set to be used as a loan at Sotheby. The ballet was done in 1944, long before the School or Company [w]as incorporated; so there should be no Rick Burke problem.

Protas then attached the letter addressed to Rover to another letter that he sent to Michael Stout, an attorney, in connection with using some pieces from the Noguchi sets as collateral for a loan from Sotheby's. In the letter to Stout, Protas stated that: "I sent the attached note to Kevin Rover who said there was no problem stating Martha owned her sets prior to 1949. If we could go forward on this with Sotheby's it would be a godsend."

Also admitted at the previous trial was a letter to Protas from Rick Burke, President of the Center and a member of the board of directors. That letter stated:

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> As far as the art is concerned, it concerned me that last year you attempted to move the art from the Center back to Martha and the Board delay [sic] a decision until we had legal advice which we never acted on. I did talk to Peter who stated flately [sic] that all the art was owned by the Center to protect them from inheretance [sic] taxes and give the Center the necessary assets to finance the company. Your action without talking to me, concerned me and other members of the Board. No one disputes you run the show and deserve what ever Martha wants to give you.

Based on his limited information, on July 18, 1989, Rover announced to the board of directors that in his opinion, "the financial records indicated no grounds for ownership by the Center, and that Ron had acted within the scope of his authority as General Director of the Martha Graham Center." The board then adopted resolutions "recognizing Martha Graham as owner of the Noguchi sets and jewelry" and "ratif[ying] actions undertaken by Protas to secure loans from Sotheby's" while using six Noguchi sculptures as collateral. On June 21, 1989, Protas wrote to Sotheby's to confirm that the Center consented to Sotheby's loan on April 26, 1989 of $200,000 to Graham and that the Center also consented to an additional loan of $475,000 by Sotheby's to Graham.

In June of 1990, the board authorized the Center to accept six Noguchi sculptures (3 Herodiade sculptures, Lyre, Cave of the Heart and Wood Sculpture of a Horse) as a gift from Graham, subject to her right to purchase these sculptures within the five-year period immediately following the date of her gift. The board also resolved that the Center would sell these

sculptures to the J.M. Kaplan Fund for $600,000, subject to the Center's right to purchase the sculptures during the subsequent five years. In June 1990, Sotheby's released its security interest in the six sculptures, and the Center assigned all of its rights in the sculptures to the J.M. Kaplan Fund subject to an option to purchase the sculptures within five years.

Martha Graham died in April of 1991. Her last will, executed on January 19, 1989, named Protas as sole executor and legatee, but did not specify what she owned at the time of her death. James McGarry, the attorney who drew that will, testified credibly at the first trial that he prepared it in "no more than an hour, a will of that type." He also testified that he was not asked to conduct an investigation as to what intellectual property, costumes, and sets Graham owned at that time, and that he did not conduct such an investigation. The will contains the following language:

> The residue ... of all my property, real and personal, of every kind and description and wherever situated, including all property over which I may have power of appointment at the time of my death ... and including all property not otherwise effectively disposed of hereunder ... I give, devise and bequeath to my said friend, Ron Protas, if he shall survive me, or, if he shall not survive me, to the Martha Graham Center of Contemporary Dance, Inc.
>
> In connection with any rights or interests in any dance works, musical scores, scenery sets, my personal papers and the use of my name, which may pass to my said friend Ron Protas ... I request, but do not enjoin, that he consult with my friends, Linda Hodes, Diane

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Gray, Halston, Ted Michaelson, Alex Racolin and Lee Traub, regarding the use of such rights or interests.

After Graham's death, Protas succeeded her as Artistic Director of the Center and the School, and continued to serve as a member of the Center's board of directors. In 1992, attorneys who represented Protas as executor of Graham's estate recommended to him that "an investigation be made as to what rights the Estate actually owns and the status of copyright registrations, if any ...." Protas made no such investigation. I did not credit Protas' testimony at the first trial that he told Alex Racolin, a member of the Center's board of directors who is now deceased, of his attorneys' recommendations, and that he was "almost a 100 percent sure that [Racolin] mentioned it at a board meeting to the other board members." There are no board minutes which show that such a discussion took place.

Protas represented to the directors of the Center that he "owned everything" including the Noguchi sets and the copyrights in all the dances. The board members accepted Protas' representations because, as Francis Mason, the current chairman of the Center's board of directors, and a very credible witness, testified, "[w]e trusted Mr. Protas." The only evidence of a communication from Protas to Racolin after Graham's death is a letter that Protas wrote dated 29th August, 1991 that made it appear that Graham, and not the Center, owned the ballets, sets, costumes, and dance films.

In that letter, admitted at the first trial, Protas stated that:

I spoke with Chris about the information of the use of the ballets, costumes and sets for the Center. Since

Michele is on holiday, I have asked her assistant, Adrienne, to look for all relevant information.

I have a clear recollection that at a board meeting there was a resolution that for the use of the ballets, costumes and sets for performances of the Martha Graham Dance Company, the Center would pay Martha a royalty of $100,000 beyond her ordinary salary.

To my knowledge, there was never an actual agreement or signed contract and past history always had the Center paying Martha a separate royalty for the use of the ballets in a film. I was concerned about this myself and somewhere, if I can ever find it, is a letter from Martha stating, or clarifying, that the films or the use of the Noguchi's [sic] had to be a separate arrangement.

In regard to the Noguchi castings, it was left to Martha and I to decide what, if anything, we would give to the Center and everyone was very grateful when Kevin Rover and I worked out a contract giving the Center 40% of the income. I don't know if I want to keep this arrangement in all instances. I would like to keep that option open. I know in the two films made for PBS over 15 years ago, Martha was paid a separate royalty by PBS. It could have been higher but she chose to have most of the funds for the films go to the Center, at that time.

In regard to the NHK Japanese Film and the Danish Film, it was my understanding that Martha allowed the use of the choreography only for the Danish American Showing, and only for the showing of the Japanese Film in Japan. Everything else was left for a separate

> arrangement which was agreeable to Kevin.I realize now I should have been clear about all of this. There is some background correspondence but I will have to do an all out search for it if it is really necessary. My feeling is that no one on the Board would object to an equitable arrangement. Of course one man's equity is another man's etc ...
> I know that at the time of the resolution it was understood that it was only for the Company to perform the ballets live, and tour with them. Film deals, cassettes and all the rest were never considered part of the agreement....
> ....
> P.S. I am not delaying this fax any longer. I had hoped Adrienne would find the relevant materials, but she could not.

There is no evidence of any "background correspondence" that corroborated any of what Protas stated in his letter to Racolin. Indeed, as he noted in his letter, Etienne's assistant could not find "the relevant materials." Many of Protas' statements to Racolin in that letter were inaccurate or misleading. His statements regarding the payment of royalties by the Center to Graham were inaccurate. As noted above, Michele Etienne testified credibly that during her employment at the Center, no royalty payments were made to Martha Graham. At the time that Protas wrote the letter to Racolin, he had been the principal managerial employee of the defendants for nearly two decades. It is surprising that he was unaware that no royalties had been paid to Graham by the Center.

Protas' statements to Racolin implying that the defendants had no rights in the films and that "it was only for the Company to perform the ballets live" were misleading. In 1973, Protas himself negotiated a contract pertaining to dance films, retaining "all rights" for the Center, and wrote a letter to Arnold Weissberger stating that:

> I am making arrangements to have a work film made of "Clytemnestra" and "Secular Games", "Myth of a Voyage" and "Mendicants of the Evening". I would be grateful if we could draw up a contract between the Center and the photographer, Mr. Nathaniel Tripp, stating that we retain all rights to these films and that he has no authority to make duplicates of them.

Furthermore, Protas had personal knowledge that it was the Center, and not Graham, that received royalties from PBS for at least one film. Minutes of the Center's board of directors' meeting for October 18, 1984 state:

> Ron Protas then detailed to the Board the extraordinary filming deal Jim Nomikos had made in Denmark. The Center nows [sic] owns the 90 minute film of the three ballets--"Cave of the Heart", "Errand into the Maze", and "Acts of Light"--which it will sell to PBS for $100,000 and possibly to various European countries.... Ron thanked the Board saying that without their support the deal could never have been made.

The board minutes for December 11, 1984 state:

> Lee Traub asked how much money had been received from the PBS film; Jim said that it was $100,000.

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> Jim Nomikos also said that because the Center now owned the film and all the rights, it could now sell the broadcast rights and also, possibly, videocassettes around the world. The film could, therefore, generate several hundred thousand dollars income for the Center. The deal was significantly different than all previous film deals the Center had been involved in where it received a fixed fee and no percentage of film sales/broadcast rights.
>
> Ron Protas added the ... most extraordinary thing about the deal was that Jim Nomikos had sensed that the original NVC deal (where the Center would receive only a fee) was not best for the Center ....

The other PBS film that was produced prior to 1984 was "3 by Martha Graham." That film was published in 1969 with notice of the Center's copyright, and the credits at the end of the film list Protas' name for "still photographs." A preponderance of the credible evidence shows that the Center owned all the rights in this film and in the works contained therein and received royalties from licensing this film. William McHenry, a member of the Center's board of directors, testified credibly that in 1969 or 1970, he had negotiated on behalf of the Center the licensing of this film to "N.E.T.," now known as PBS. In a 1969 letter addressed to N.E.T. and copied to Leatherman, McHenry stated that "[i]n the United States we reserve film rights for all uses; outside the United States we are to have all rights." In 1970, Leatherman, on behalf of the Center, executed a license agreement that assured to the Center 25 percent of all gross proceeds in connection with the sale and/or disposition of prints of the film.

With respect to the NHK film, Protas stated to Racolin that "it is my understanding that Martha allowed the use of the choreography only for the Danish American Showing, and only for the showing of the Japanese Film in Japan." Contrary to Protas' "understanding," in September of 1990, the Center entered into an agreement with NHK with respect to two taped dance performances. Protas, as General Director, represented the Center in that agreement. The agreement stated that the Center retained "all broadcast rights outside of Japan," and "the rights to perform" the two dance programs.

In November of 1993, Protas assigned to the Center forty percent of his interest in the Isamu Noguchi sculpture entitled "Herodiade." The ballet Herodiade was created by Graham in 1944. The sets for Herodiade were donated to the School by Graham in 1957 along with other Noguchi sets and theatrical properties.

In April of 1998, on behalf of his personal Trust, Protas entered into an agreement with the Library of Congress for the sale of a collection of various items for the price of $500,000 to be paid in five annual installments. This collection contained scrapbooks, photographs, films, videos, files, letters, programs and notebooks.[4] The Center's business and student records were

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[4] Among the items sold to the Library of Congress were: (1) nine file cabinets containing financial and business records from the 1980s to the 1990s, seven file drawers of student records, and other items, priced at $85,000; (2) 35-40 scrapbooks from the 1950s to the 1970s priced at $7,500; (3) about 300 video tapes and 500 audio tapes of dances and about fifty original films; 2-300 audio tapes ("Blood Memory") priced at $50,000; (4) two boxes of business and financial records priced at $2,000; (5) musical manuscripts for the dances, priced at $25,000; and (6) dozens of audio and

among the items sold. Protas testified that at the time that he entered into the agreement with the Library of Congress, he did not know that Graham had donated many of her books and biographical materials to the Center in 1969.

In the late 1990s, relations between Protas and other members of the defendants' board of directors deteriorated. On July 15, 1999, with the principal motive of persuading Protas to resign as Artistic Director, the Center and the School entered into a ten-year license agreement with the Martha Graham Trust. The license agreement purported to license the ballets, sets, and costumes to the defendants. It contained the following language:

> The Trust grants the Center a non-exclusive live performance license to the Martha Graham Ballets (MG Works) specified on the Applicable Works Addendum (Works Addendum). MG works listed within the section of the Works Addendum titled "Company Works" are licensed for performance by the Martha Graham Dance Company ("Company."). MG Works listed within the section of the Works Addendum titled "Ensemble Works" are licensed for performance by the Ensemble of the Martha Graham School of Contemporary Dance ("Ensemble")....
>
> ....
>
> The Trust grants the Center a non-exclusive use license to the Martha Graham Scenic, Costume and Properties Collection ("Collection") for performances,

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video tapes and one large box of audio tapes, priced at $3,500.

> by the Company, Ensemble and School of MG Works licensed herein....
>
> ....
>
> To the extent that any rights to any ... MG Work is deemed hereafter to accrue to the Center, the School, Company or Ensemble, the Center assigns any or all such rights at such time as they may be deemed to accrue ... to the Trust....

The "Works Addendum," which was supposed to contain a list of dances for which the Center was granted a non-exclusive live performance license, was never completed or signed.

In 2000, Marvin Preston, the current Executive Director of the Center who has considerable experience in the financial management of companies, undertook a financial assessment of the defendants based on several years of audited financial statements, payroll records, general ledgers, budgets, and other operational documents. He testified credibly that the defendants' profit and loss accounts revealed expenses related to the sets and costumes from which it could be inferred that the sets and costumes were the assets of the defendants.

On May 25, 2000, Protas sent a letter to Francis Mason, the Acting Chairman of the Center's board of directors, terminating the license agreement "effective 12:01 AM EDT on May 26, 2000." On June 22, 2000, the Center's board voted to remove Protas from the board of directors. In July of 2000, Protas began to apply to register copyright in 40 of Graham's choreographic works as unpublished works and obtained certificates of copyright registration for 30 of the works at issue.

APPENDIX C
[Order and Opinion of The USDC,
Southern District of New York]

The Center began to apply for copyright registration of 15 dances in January 2001. It obtained certificates of copyright registration for 12 dances and certificates of copyright renewal for three dances, Seraphic Dialogue, Cortege of Eagles, and Acrobats of God, as published in the film "3 by Martha Graham." The parties have competing certificates of copyright registration for eight works, three of which are unpublished.

Five reliable documents show that films of 26 dances, 16 of which were created by Graham prior to 1956 and ten of which were created after 1956, have been distributed to the public for money, i.e., published within the meaning of both the 1909 and the 1976 Copyright Acts. The 16 pre-1956 published dances and their years of first publication are: Flute of Krishna (1923), Heretic (1930), Lamentation (1930), Celebration (1934), Frontier (1935), Panorama (1935), Chronicle/Steps in the Street (1936), American Document (1938), El Penitente (1991), Herodiade (1991), Appalachian Spring (1959), Cave of the Heart (1976), Errand into the Maze (1984), Night Journey (1960), Diversion of Angels (1976), and Seraphic Dialogue (1969). The ten post-1956 published dances and their years of first publication are: Clytemnestra (1979), Acrobats of God (1969), Circe (published before 1993), Cortege of Eagles (1969), Adorations (1976), Acts of Light (1984), The Rite of Spring (published before 1993), Temptations of the Moon (published before 1993), Night Chant (published before 1993), and Maple Leaf Rag (1991).

The five documents contain overlapping lists of published dances. While the first two documents described below suffice to show that 26 dances have been published, publication of many of the films contained in those two

documents is confirmed by three additional documents. The first document, admitted into evidence "in its entirety," i.e., for all purposes, is a list prepared by Christina Duda, Protas' assistant, of 21 ballets that have been "filmed and sold." In February of 1993, after his attorney sought information on publication with a view to applying to the Copyright Office for registration of copyright in choreography, Protas was specifically informed by Duda that the following 21 dances had been "filmed and sold": Frontier, Panorama, Chronicle/Steps in the Street, American Document, El Penitente, Herodiade, Appalachian Spring, Cave of the Heart, Errand into the Maze, Night Journey, Diversion of Angels, Seraphic Dialogue, Clytemnestra, Acrobats of God, Circe, Cortege of Eagles, Acts of Light, The Rite of Spring, Temptations of the Moon, Night Chant, and Maple Leaf Rag. Christopher Herrmann, Director of Film Projects at the Center, testified credibly that films of those 21 dances were "made available to the public for money." He also testified that the School ran a boutique that sold videotapes of Graham's dances. Despite his knowledge that these 21 films had been published, beginning in July of 2000, Protas applied to register 19 of the 21 dances as unpublished works and obtained certificates of copyright registration for 15 of them.

Another document prepared by Christopher Herrmann in 1990 contains a list of 19 "commercially produced" films. These 19 films and their dates of publication are: Flute of Krishna (1923), Heretic (1930), Lamentation (1930, 1943, and 1976), Celebration (1934), Frontier (1935 and 1976), Panorama (1935), Chronicle/Steps in the Street (1936), American Document (1938), Appalachian Spring (1959 and 1976), Cave of the Heart (1976 and 1984), Errand into the Maze (1984), Night Journey (1960), Diversion of Angels (1976), Seraphic

Dialogue (1969), Clytemnestra (1979), Acrobats of God (1969), Cortege of Eagles (1969), Adorations (1976), and Acts of Light (1984).[5] Most of the dances in the list of commercially produced films are also contained in the list of dances that were filmed and sold.

Among the commercially produced films, Seraphic Dialogue, Acrobats of God, and Cortege of Eagles are listed together as works distributed in 1969 and available from "Pyramid Films." A "Pyramid Home Video" videocassette of "3 by Martha Graham" was received in evidence. This videocassette carries a 1969 notice of copyright in the Center's name on its cover and at the end of the film. Furthermore, in a June 1, 2001 letter, the Copyright Office told Protas' attorney that " '3 by Martha Graham' was ... first published in 1969 or 1970 and was subsequently released by Pyramid Home Video. The videotape is now widely available ...." New York Public Library records also show that "3 by Martha Graham" was produced by the Center in 1969 and released in 1970, and that this film's distributor was "Pyramid Film & Video." In addition, Francis Mason testified credibly that this film was available for sale.

A 1991 letter introduced by Protas for the purpose of showing that Martha Graham received royalties for "film distribution through Phoenix Films" establishes that two dances, Appalachian Spring and Night Journey, which also appear in both of the aforementioned lists, were being distributed in about

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[5] A Dancer's World, which is not among the 70 dances at issue, is also mentioned as being "commercially produced" in 1956 by "Phoenix Films."

1961.[6] Christopher Herrmann testified credibly that the dance films distributed by "Phoenix Films" were available in video stores. The fourth document, contained in the catalog of the New York Public Library, shows that seven of the 26 published dances were rented or sold prior to 1975.[7] The seven dances are: Flute of Krishna, Lamentation, Appalachian Spring, Night Journey, Seraphic Dialogue, Acrobats of God, and Cortege of Eagles.

Fifth, a June 1, 2001 letter from the Copyright Office to Protas' attorney raised serious questions regarding the publication status of many of the 26 published dances. It also noted that publication of 11 dances which Protas had previously registered as unpublished works was "certain or likely": Frontier, Lamentation, El Penitente, Herodiade, Appalachian Spring, Cave of the Heart, Night Journey, Diversion of Angels, Acrobats of God, Cortege of Eagles, and Maple Leaf Rag. The letter listed multiple ways in which many of the works had been published. In particular, it stated that El Penitente, Maple Leaf Rag, and Herodiade were certain or likely to have been published in 1991 in "Five Dances by Martha Graham," a film that was "commercially available from several on-line sources." The Copyright Office also noted that publication of Seraphic Dialogue, Adoration, and Chronicle/Steps in the Street, for

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[6] A third dance, A Dancer's World, is also listed in this document as a dance that was also distributed by Phoenix Films in about 1961. It is not, however, among the 70 dances at issue.

[7] An eighth dance on this list, A Dancer's World, is not among the 70 dances at issue in this case.

which Protas' copyright applications were then pending, was certain or likely.

The Copyright Office requested comments from Protas regarding the publication status of each of those 14 works and underscored its request with the following words:

> Please be aware that the question of publication is extremely important to a copyright registration as it affects the deposit copy, copyright notice requirements, and even how a court might view the facts given on a particular registration. In light of the seriousness of this subject, we would appreciate your thorough research in this area concerning both current claims and those already registered so that the most accurate claims possible might be put on record.

In the same letter, based on Protas' attorney's previous response to its specific query regarding the publication status of Clytemnestra, the Copyright Office advised that Protas' application for Clytemnestra as an "unpublished work" would be processed. Clytemnestra is on the list of 21 published works to which Protas was privy in February of 1993.

Protas applied to register copyright in the choreography of Seraphic Dialogue, Cortege of Eagles and Acrobats of God. As discussed above, these three dances were published in 1969 in the film "3 by Martha Graham" with a 1969 notice of copyright in the Center's name. Protas' own name appeared in the credits of this film as one of the two individuals responsible for "still photographs." Yet, he represented to the Copyright Office that these were unpublished works.

In a letter dated February 23, 2001, in response to the Copyright Office's request for clarification, Protas' attorney stated that "the deposit copy [for Seraphic Dialogue] is from a 'published' videotape made available in 1992." Had Protas submitted the first published film of Seraphic Dialogue in accordance with the Copyright Office's deposit requirements, he could not have concealed the 1969 notice of copyright in the Center's name. Protas testified that he had seen "some of" this film with Graham in 1969 or 1970 "when it was first made," but that he did not see the notice of copyright.

DISCUSSION

The copyright claims in this case have to be assessed through the prism of the changes in the copyright law that took effect in 1978, 1989, and 1992. *See* Copyright Act of 1909 ("1909 Act"), 17 U.S.C. § 1 *et seq.* (1976 ed.) (superseded by the Copyright Act of 1976); Copyright Act of 1976 ("1976 Act"), 17 U.S.C. § 101 *et. seq.* (effective Jan. 1, 1978); The Berne Convention Implementation Act of 1988, Pub.L. No. 100-568, 102 Stat. 2853 (1988) (effective March 1, 1989); The Copyright Renewal Act of 1992, Pub.L. No. 102-307 § 101, 106 Stat. 264 (June 26, 1992) (applying to the renewal of works which secured statutory copyright between January 1, 1964 and December 31, 1977). The chronology of creation, publication, and copyright registration and renewal of the choreography of each dance is critical to a determination of copyright ownership.

I. The License Agreement

Plaintiff takes the position that defendants have no rights in the ballets since the 1999 license agreement that they signed with the Trust specifically provided that all licenses granted

thereunder reverted to the Trust upon the contract's termination. Furthermore, plaintiff argues that the doctrine of licensee estoppel bars defendants from claiming ownership of the ballets, sets, and costumes.

The license agreement provided that:

> The Trust grants the Center a non-exclusive live performance license to the Martha Graham Ballets (MG Works) specified on the Applicable Works Addendum (Works Addendum). MG works listed within the section of the Works Addendum titled "Company Works" are licensed for performance by the Martha Graham Dance Company ("Company"). MG Works listed within the section of the Works Addendum titled "Ensemble Works" are licensed for performance by the Ensemble of the Martha Graham School of Contemporary Dance ("Ensemble").

This agreement is incomplete because no "Applicable Works Addendum" was ever finalized by Protas. No addendum was ever signed. Accordingly, the copyright provisions of the license agreement never took effect. Moreover, a license agreement that never took effect cannot provide the foundation for plaintiff's claim of licensee estoppel.

II. Significance of Publication

There is clear and persuasive evidence that films of 16 of the pre-1956 works and ten of the post-1956 works were "commercially produced" and/or "filmed and sold." Seven of these 26 works were also "rented or sold," and two were distributed by Phoenix Films.

The 1909 Act did not define "publication," but the Second Circuit has defined the term: "[P]ublication occurs when by consent of the copyright owner, the original or tangible copies of a work are sold, leased, loaned, given away, or otherwise made available to the general public." *Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586, 590 (2d Cir.1999) (quoting *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 945 (2d Cir.1975)).

The 1976 Act defines publication in very similar terms:

> "Publication" is the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication. A public performance or display of a work does not of itself constitute publication.

17 U.S.C. § 101. *See Agee v. Paramount Communications Inc.*, 59 F.3d 317, 325 (2d Cir.1995).

Sale, rental, and distribution of films for money all constitute "publication" under both the 1909 and the 1976 Acts. The term "commercially produced" means that the films were produced and introduced into commerce for money, through sale, lease, or rental. Accordingly, 26 of the dances have been published.

Both plaintiff and defendants agree that to establish ownership of copyright in a published work, a claimant must

show that the work was published with adequate notice of copyright. Proof of authorship may be sufficient to establish copyright ownership in an unpublished work. With respect to a published work, however, the claimant has the burden of showing that the work was published in compliance with statutory formalities, and in particular, that it carried the requisite copyright notice.

It is well established that "[t]o show ownership of a valid copyright, [the party claiming copyright ownership] ... bears the burden of proving ... that he has complied with the requisite statutory formalities." *Saenger Org., Inc. v. Nationwide Ins. Licensing Assoc., Inc.*, 119 F.3d 55, 59 (1st Cir.1997); *see Geoscan, Inc. of Texas v. Geotrace Tech., Inc.* 226 F.3d 387, 393 (5th Cir.2000); *Montgomery v. Noga*, 168 F.3d 1282, 1289 (11th Cir.1999). *See also Broadcast Music, Inc. v. Patsal Corp.*, 1993 WL 464689, at *4 (S.D.N.Y.1993); *Broadcast Music, Inc. v. Hearst/ABC Viacom Ent. Servs.*, 746 F.Supp. 320, 328 n. 7 (S.D.N.Y.1990).

With respect to published works, the affixation of adequate notice was the principal "statutory formality" required for copyright protection prior to March 1, 1989. On March 1, 1989, United States adherence to the Berne Convention abolished affixation of notice as a statutory requirement for securing copyright. The Berne Convention Implementation Act of 1988, Pub.L. No. 100-568, 102 Stat. 2853 § 7 (1988) (effective March 1, 1989); 17 U.S.C. § 401(a) ("[A] notice of copyright *may* be placed on publicly distributed copies ....") (emphasis added). But works published prior to March 1, 1989 did not secure statutory copyright protection unless adequate copyright notice was affixed to the published copies. 17 U.S.C.

§ 10 (1976 ed.) ("Any person entitled thereto by this title may secure copyright for his work by publication thereof with the notice of copyright ..."); 17 U.S.C. § 405(a) (stating notice requirements for works published before the effective date of the Berne Convention Implementation Act of 1988).

III. Certificates of Copyright Registration

Both sides have procured certificates of copyright in dances described in the applications as unpublished works. Protas has 30[8] such certificates, and defendants 12. Defendants have also obtained certificates of copyright renewal for three dances described as published works.

The 1976 Copyright Act, 17 U.S.C. § 410(c) provides that:

> In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court.

It is undisputed that the Copyright Office has no record of any copyright registration made prior to 2000 for any of the

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[8] An additional certificate of copyright registration introduced by Protas is for a "drama" entitled "An Act of Becoming." The certificate states that Protas is the author of the work. Accordingly, this certificate has not significance in this dispute.

dances at issue. In 2000 and 2001, Protas obtained certificates of copyright registration for 30 dances as unpublished works. Of these 30 certificates, 17 are for pre-1956 works: Flute of Krishna, Tanagra, Heretic, Lamentation, Primitive Mysteries, Satyric Festival Song, Frontier, Deep Song, Every Soul is a Circus, El Penitente, Punch and the Judy, Herodiade, Appalachian Spring, Cave of the Heart, Errand into the Maze, Night Journey, and Diversion of Angels. The remaining 13 certificates are for post-1956 works: Embattled Garden, Acrobats of God, Phaedra, Circe, Cortege of Eagles, The Owl and the Pussycat, Judith, Phaedra's Dream, The Rite of Spring, Tangled Night, Temptations of the Moon, Night Chant, and Maple Leaf Rag.[9]

A preponderance of the credible evidence shows that 18 of the 30 dances registered by Protas as unpublished had been published at least seven years before the Copyright Office received any applications for copyright registration from him. Those 18 dances are: Flute of Krishna, Heretic, Lamentation, Frontier, El Penitente, Appalachian Spring, Herodiade, Cave of the Heart, Night Journey, Errand into the Maze, Diversion of Angels, Acrobats of God, Circe, Cortege of Eagles, The Rite of Spring, Temptations of the Moon, Night Chant, and Maple Leaf Rag. Accordingly, Protas' certificates of registration for these 18 works do not constitute prima facie evidence of the validity of

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[9] There are a few discrepancies in the dates of creation as contained in a document entitled "The Martha Graham Repertoire" ("the Repertoire") and the dates of creation as stated in Protas' certificates of copyright registration. Both parties have agreed to be bound by the chronological list of dances contained in the Repertoire.

the copyrights or of the facts stated in the certificates. 17 U.S.C. § 410(c).

Moreover, the evidence is clear and convincing that Protas procured 15 of these certificates by deliberately misrepresenting the publication status of the dances. Those dances are: Frontier, El Penitente, Errand into the Maze, Herodiade, Appalachian Spring, Cave of the Heart, Night Journey, Diversion of Angels, Acrobats of God, Circe, Cortege of Eagles, The Rite of Spring, Temptations of the Moon, Night Chant, and Maple Leaf Rag. By February 1993, Protas knew that those 15 dances had been published. Yet, more than five years later, he applied for and obtained certificates of copyright registration for the choreography of these dances as unpublished works. Protas' representations to the Copyright Office that those 15 dances were unpublished constitute "deliberate misrepresentation." *Whimsicality, Inc. v. Rubie's Costume Co., Inc.*, 891 F.2d 452, 455 (2d Cir.1989).

Particularly egregious were Protas' representations to the Copyright Office that Cortege of Eagles, Acrobats of God, and Seraphic Dialogue were unpublished works. Protas' own name appears on the credits of the film "3 by Martha Graham," in which these three dances were published with a 1969 notice of copyright in the name of the Martha Graham Center of Contemporary Dance. He testified also that close to the time it was made, he saw this film with Graham. Nevertheless, Protas applied for and obtained certificates of copyright registration for Acrobats of God and Cortege of Eagles as unpublished works. When, in October 2000, the Copyright Office inquired about the publication status of Seraphic Dialogue, Protas' attorney responded in February of 2001 that he had "investigated the

matter further," and that the deposit copy for Seraphic Dialogue was "from a 'published' videotape, made available in 1992." Protas' application for registration of copyright in Seraphic Dialogue is still pending.

In 2001, the Center obtained certificates of copyright registration for 12 post-1956 works as unpublished works made for hire and certificates of copyright renewal for three published works made for hire. The 12 dances are: Embattled Garden, Phaedra, Secular Games, Circe, The Witch of Endor, Plain of Prayer, Lucifer, O Thou Desire Who Art About to Sing, Temptations of the Moon, Tangled Night, Night Chant, and The Eyes of the Goddess. The Center's copyright certificates for three of these dances, Circe, Temptations of the Moon, and Night Chant, do not constitute prima evidence of copyright validity because those dances were published more than five years prior to registration.

In 2001, the Center also obtained certificates of copyright renewal for three dances, Cortege of Eagles, Acrobats of God, and Seraphic Dialogue, as published works contained in the film "3 by Martha Graham." Seraphic Dialogue was created prior to 1956 and the other two dances were created during Graham's employment with the defendants. All three dances are registered as works that were published in 1969 with notice of the Center's copyright. With respect to the prima facie validity of copyright renewal certificates, 17 U.S.C. § 304(a)(4)(B) provides that:

> If an application to register a claim to the renewed and extended term of copyright in a work is made within 1 year before its expiration, and the claim is registered,

> the certificate of such registration shall constitute prima facie evidence as to the validity of the copyright during its renewed and extended term and of the facts stated in the certificate. The evidentiary weight to be accorded the certificates of a registration of a renewed and extended term of copyright made after the end of that 1-year period shall be within the discretion of the court.

Since statutory copyright was secured in these three works in 1969, it is clear that the applications for renewal of copyright in these three works were not made in the final year of their original term of copyright protection. Accordingly, the Center's renewal certificates do not constitute prima facie evidence of copyright validity.

Finally, both Protas and the Center have obtained certificates of copyright registration for the following eight dances: Embattled Garden, Acrobats of God, Phaedra, Circe, Cortege of Eagles, Temptations of the Moon, Tangled Night, and Night Chant. In acknowledging some of these competing certificates of registration, the Copyright Office has specifically stated that:

> The Copyright Office is an office of record and it does not have the authority to adjudicate adverse or conflicting claims submitted for registration. Each claim is examined to determine if it complies with statutory and regulatory requirements; if it does, it is registered. When conflicting claims are received, the Office may put both claims on record if each is acceptable on its own merits. It is the responsibility

of the parties involved in a dispute to pursue their rights in their works.

Neither side is entitled to a presumption of copyright validity for those competing certificates of registration. *See M & D Int'l Corp. v. Chan*, 901 F.Supp. 1502, 1510 (D.Hawai'i 1995) ("[I]t might be argued that the plaintiff's and defendant's certificates cancel each other out with respect to either party's right to claim a prima facie presumption ....") (quoting Nimmer on Copyright, § 12.11[B] at 12-166 n. 49); *see also Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989) (not addressing the prima facie validity of registrations where both parties had "filed competing copyright registration certificates").

With respect to dances as to which there is no evidence of publication, plaintiff has obtained nine, and defendants have obtained six, non-competing certificates of copyright registration. Thus, plaintiff has presented prima facie evidence of ownership of copyright in the following unpublished works: Tanagra, Primitive Mysteries, Satyric Festival Song, Deep Song, Every Soul is a Circus, Punch and the Judy, The Owl and the Pussycat, Judith (created in 1980), and Phaedra's Dream. Defendants have presented prima facie evidence of ownership of copyright in the following unpublished works: Secular Games, The Witch of Endor, Plain of Prayer, Lucifer, O Thou Desire Who Art About to Sing, and The Eyes of the Goddess.

IV. Dances Created by Graham During the 35 Years that She Was Employed by Defendants

During the 35 years that Martha Graham was employed by the defendants, she created 34 dances. Those 34 works are:

Clytemnestra, Embattled Garden, Episodes: Part I, Acrobats of God, Phaedra, Secular Games, Legend of Judith, Circe, The Witch of Endor, Part Real-Part Dream, Cortege of Eagles, Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, Adorations, O Thou Desire Who Art About to Sing, Shadows, The Owl and the Pussycat, Ecuatorial, Frescoes, Judith, Acts of Light, Andromache's Lament, Phaedra's Dream, The Rite of Spring, Song, Temptations of the Moon, Tangled Night, Persephone, Night Chant, Maple Leaf Rag, and The Eyes of the Goddess. Of the 34 post-1956 dances, ten have been published: Clytemnestra, Acrobats of God, Circe, Cortege of Eagles, Adorations, Acts of Light, The Rite of Spring, Temptations of the Moon, Night Chant and Maple Leaf Rag. Plaintiff holds certificates of copyright registration for three unpublished post-1956 works, The Owl and the Pussycat, Judith, and Phaedra's Dream.

Plaintiff argues that, as Graham's heir, he owns the copyright in all of the 34 dances because she was the creator of these works. Defendants argue that copyright in all of the post-1956 works belongs to them as works made for hire.

Works Made for Hire

Of the 34 post-1956 works, the 19 ballets created before January 1, 1978, the effective date of the Copyright Act of 1976, are governed by the Copyright Act of 1909, and the 15 ballets created after that date are governed by the 1976 Act.

Works Made for Hire under the 1909 Act

The common law doctrine of works made for hire was first recognized by the Supreme Court in *Bleistein v. Donaldson*

Lithographing Co., 188 U.S. 239, 23 S.Ct. 298, 47 L.Ed. 460 (1903), and later codified in the 1909 Act. *Brattleboro Publ'g Co. v. Winmill Publ'g Corp.*, 369 F.2d 565, 567 (2d Cir.1966). In *Bleistein*, the Supreme Court noted that "[t]here was evidence warranting the inference" that chromolithographs prepared by the plaintiff's employees "belonged to the plaintiff, they having been produced by persons employed and paid by the plaintiffs in their establishment to make those very things." *Bleistein*, 188 U.S. at 248, 23 S.Ct. 298. The 1909 Act states that "[i]n the interpretation and construction of this title ... the word 'author' shall include an employer in the case of works made for hire." 17 U.S.C. § 26 (1976 ed.).

"Until the mid-1960's, federal courts applied the work-for-hire doctrine only to cases in which a traditional employer/employee relationship existed between the hiring party and the creator of the work." *Playboy*, 53 F.3d at 554, (citing *Reid*, 490 U.S. at 749, 109 S.Ct. 2166). *See e.g.*, *Yale Univ. Press v. Row, Peterson & Co.*, 40 F.2d 290, 291 (S.D.N.Y.1930) (recognizing the basis of employer's copyright suit under the 1909 Act, pursuant to which an employer may be deemed the author of works made for hire); *Nat'l Cloak & Suit Co. v. Kaufman*, 189 F. 215, 217 (C.C.M.D.Pa.1911) (holding that employer had the right to the copyright in the literary product of a salaried employee under the 1909 Act). In *Brattleboro*, the Second Circuit noted that the works made for hire doctrine was "applicable whenever an employee's work is produced at the instance and expense of his employer. In such circumstances, the employer has been presumed to have the copyright." The court "[saw] no sound reason why these same principles [were] not applicable when the parties bear the relationship of employer and independent contractor." *Brattleboro*, 369 F.2d at 568. It

held that where the intent of the parties could not be determined, the presumption of copyright ownership ran in favor of the employer. *Id.*

Since then, the Second Circuit has "defined the 'instance and expense' test as being met 'when the motivating factor in producing the work was the employer who induced the creation.' " *Playboy,* 53 F.3d at 554 (quoting *Siegel v. Nat'l Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir.1974)). That court has also held that "an essential element of the employer-employee relationship, [is] the right of the employer to direct and supervise the manner in which the writer performs his work." *Id.* (quoting *Picture Music, Inc. v. Bourne Inc.*, 457 F.2d 1213, 1216 (2d Cir.1972)).

At the Expense of the Employer

A preponderance of the credible evidence shows that Martha Graham's dances were created at the expense of the Center, which operated as an umbrella organization for the Dance Company and the School. In February 1968, LeRoy Leatherman, the Executive Administrator of the Foundation, addressed a memorandum to Foundation and School board members regarding the establishment of the Center. In this memorandum, he recognized that "the [C]enter comprising the School [and] the Company ... already exist[ed]" and that it would "continue all present activities, including teaching, choreographing and performing, and would propose to broaden those activities...." The primary purpose of the Center was to perpetuate Martha Graham's dance legacy by training dancers in her technique and by creating, rehearsing, and performing new works of art. Available audit reports reveal that the routinely

combined accounts of the School and the Center regularly recorded salaries paid by the defendants to Martha Graham.

In 1956, Graham entered into a ten-year employment agreement with the School for the position of Program Director. Her title of employment later changed to Artistic Director. The 1958 tax protest, which focused on the educational purposes of the School, emphasized Graham's educational responsibilities and stated that Graham agreed to devote approximately one-third of her professional time to the School. But a preponderance of the credible evidence shows that Graham later became a full-time employee of the defendants and that one of her principal responsibilities as Artistic Director of the School and Center was to create new dances. The Center's Annual Report and payroll records show that Graham was a full-time employee. In addition, Cynthia Parker-Kaback testified credibly on cross-examination that Graham was a full-time employee.

A preponderance of the credible evidence shows that Graham's employment agreement was renewed by defendants. As evidenced by W-2s and earnings statements in her name, as well as Center payroll records, Graham remained a salaried employee of the Center until the time of her death in 1991. Throughout this period, she also received employee benefits from the Center. Her personal and medical expenses were paid for by the Center, and the Center regularly withheld income tax and paid social security tax on her behalf.

The tools for Graham's choreographic works were also provided by the defendants. The creation of the dances was a collaborative process in which the Center's employees played an indispensable role. Janet Eilber, a principal dancer at the Dance

Company, testified credibly that Graham "choreographed on" dancers employed by the Center. Linda Hodes testified credibly that while she was a dancer with the Dance Company, her salary was paid by the Center. The dancers were accompanied by pianists paid for by the Center, in rehearsal space, sets, and costumes paid for and provided by the Center.

Graham depended on the Center's board of directors to keep her and the dancers employed. For example, in 1990, she "implored the Board to help bring her dancers back," saying she was helpless until the "Company return[ed] from lay-off." Concerned with the "foster[ing] of the creative impulse and its needs," Graham recognized that "[she] could never have done what [she did] if [she] had not had such a place."

Protas argues that Graham cannot be considered to have been an employee because she received royalties from the defendants for her ballets. The Second Circuit has held that "where the creator of a work receives royalties as payment, that method of payment generally weighs against finding a work-for-hire relationship." *Playboy,* 53 F.3d at 555.

A preponderance of the credible evidence shows that Graham was not paid any royalties by the defendants. She was paid a salary for her choreography and her other job responsibilities without itemization. Plaintiff relies on a memorandum prepared by Michele Etienne and addressed to Protas, stating that "[i]n accordance with the Board of Trustees resolution of 1987 Ms. Graham is being paid a royalty of $40,000 per annum for the use of her ballets, her costumes and her Noguchi sets." This strange document was prepared by Etienne in 1989, two years after the date of the alleged

resolution. The minutes of a March 27, 1987 board meeting state that:

> Ron Protas made a motion that the annual pension given to Georgia Sergeant [sic], Martha Graham's sister, and for many years the Registrar of the School, be formally voted at the request of MG. It was noted that said pension of $40,000 a year if approved would be in lieu of any payment of royalties and fees for the Companys [sic] use of Martha Grahams [sic] Ballets, Costumes and Noguchi sets, all of which remain her personal property. Roger Anderson seconded this motion and the full Board unanimously approved the motion which was then carried.

The motion described in this document was proposed by Protas and pertains to Georgia Sargeant's pension and not to the payment of royalties. As for the recitation "all of which remain her personal property," it is difficult to understand why such a recitation was necessary in 1987 if it was an accurate reflection of established facts, other than to note that Protas edited the minutes before they were circulated.

Plaintiff also relies on the board minutes for June 21, 1990 which state that "Ron Protas asked the royalties of $40,000 that Martha Graham now receives for the use of the Noguchis, ballets, etc. from the Center be increased to $100,000." Protas' statement to the board is outweighed by credible evidence that such royalties were never paid. Francis Mason testified credibly that Graham did not receive royalties. As noted above, Michele Etienne testified credibly on cross-examination at the first trial that during her employment with the defendants, no

royalty payments were made to Graham. Edmund Pease testified credibly that the historical records of the defendants showed that royalties were paid to the Center. Finally, based on his exhaustive study of the defendants' financial records, Marvin Preston testified credibly that the "royalties and commissions" that appeared as "functional expenses" in the auditors' reports prepared for the defendants were music royalties and payments to agents for tours and performances, respectively.

At the Instance of the Employer

It is undisputed that Martha Graham was ultimately responsible for making all final artistic decisions relating to the dances. Nevertheless, a preponderance of the credible evidence shows that she created the dances as an employee at the instance of the defendants. Graham reported to the board regularly regarding her new works and dance-related activities and in recognition of her superior artistic talent, the board would try to assist her in her choreographic endeavors. That the Center's board of directors did not interfere with Graham's artistic decisions does not show that it did not have the legal authority, as her employer, to ensure that dances were created at the "instance" of the defendants. The board set Graham's salary, obtained funding for the creation and performance of her dances, set spending limits for her activities, and licensed the dances on behalf of the Center. Graham's requests for additional rehearsal time and additional dancers were directed to the board. Judith Schlosser testified credibly that Graham asked the board for rehearsal time and money for sets and costumes for her new works and that sometimes the board had to limit certain aspects of Graham's activities because of a shortage of funds.

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In 1969, a small group of the Center's board of directors listed in writing "the very worthwhile projects for the Company and the School." This list included new works, revivals, films of the dances and of the technique, classes, and performances. Jeannette Roosevelt, who was then President of the Center, testified credibly that these suggestions were forwarded in writing to Graham. During Graham's employment, the board also made suggestions of an artistic nature to her. For example, Christine Dakin, a dancer with the Dance Company, testified credibly that in the late 1980s, a few board members suggested that Graham create a work with Scandinavian themes and recommended a composer that she might consider for the work. Graham incorporated these suggestions into her choreography for Acts of Light and Tangled Night. Defendants have shown by a preponderance of the credible evidence that the 19 dances created by Graham before January 1, 1978 while she was their employee were works made for hire.

Works Made for Hire under the 1976 Act

17 U.S.C. § 201(b) provides that "[i]n the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright." 17 U.S.C. § 101 provides:

> A "work made for hire" is: (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a

> translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire....

The works at issue were clearly not "specially ordered or commissioned" for any of the nine specifically enumerated categories above. Nor do the defendants so argue. The question is whether the works were "prepared by an employee within the scope of ... her employment."

The 1976 Act does not define the term "employee." Noting this fact, the Supreme Court held that "the term 'employee' should be understood in light of the general common law of agency." *Reid*, 490 U.S. at 741, 109 S.Ct. 2166. In *Reid*, the Court specifically held that "employee" should not be interpreted exclusively in terms of whether the hiring party retains the right to control the product, nor in terms of whether the hiring party has actually wielded control over the creation of the work. *Id.* at 742-43, 109 S.Ct. 2166. The Court then set out a balancing test for determining whether an employment relationship exists. The factors to be considered are: (1) the hiring party's right to control the manner and means by which the product is accomplished; (2) the skill required; (3) the source of the instrumentalities and tools; (4) the location of the work; (5) the duration of the relationship between the parties; (6) whether the hiring party has the right to assign additional projects to the hired party; (7) the extent of the hired party's discretion over when and how long to work; (8) the method of payment; (9) the hired party's role in hiring and paying assistants; (10) whether the work is part of the regular business

of the hiring party; (11) whether the hiring party is in business; (12) the provision of employee benefits; and (13) the tax treatment of the hired party. Id. at 751-52, 109 S.Ct. 2166. The Court specifically noted that "[n]o one of these factors is determinative," and that "the extent of control the hiring party exercises over the details of the product is not dispositive." Id. at 752, 109 S.Ct. 2166.

In Aymes v. Bonelli, 980 F.2d 857 (2d Cir.1992), the Second Circuit held that the "[*Reid*] factors should not merely be tallied but should be weighed according to their significance in the case," and that the "*Reid* test was not intended to be applied in a mechanistic fashion." Id. at 861-62. It also identified five factors that "will be significant in virtually every situation ... and should be given more weight in the analysis." Id. at 861. The five factors are: (1) the hiring party's right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party. *Id.*

An application of these five factors shows that Graham was an employee of the defendants. First, with respect to the hiring party's right to control the manner and means of creation, and the right to assign additional projects, *Reid* and *Aymes* teach that the extent of actual control the Board may have wielded over Graham's creations is not dispositive, and, moreover, should be distinguished from the Center's "right to control the product." That the Center's board of directors saw no reason to exercise its right to control the creation of the dances does not mean that it did not possess such a right. The board did exercise its control in all the ways it saw fit while giving

deference to Graham's talent as a choreographer. As noted above, Graham reported regularly to the board on her new works, and the board set the financial bounds within which she could work, encouraged her to produce new work, and occasionally suggested themes for new dances. Second, during the entire term of her employment, defendants paid Graham a salary from which it routinely withheld income and social security taxes. Third, defendants paid Graham employee benefits and also paid for her personal, travel, and medical expenses.

Finally, Graham's high level of skill in choreography does not transform her 35 years as a regular employee of defendants into the project-oriented status of an independent contractor. *Carter v. Helmsley-Spear, Inc.*, 71 F.3d 77 (2d Cir.1995), is particularly analogous to this case. In *Carter,* the Second Circuit held that a sculpture created by artists who "had complete artistic freedom with respect to every aspect of the sculpture's creation," was a work made for hire. *Id.* at 86. The court also found that the following factors pointed to an employment relationship: (1) provision of employee benefits and tax treatment of the plaintiffs; (2) that the artists were provided with many of the supplies to create the sculpture; (3) that they were employed for a substantial period of time, with no set date for termination; and (4) that the artists could not hire paid assistants without the owner's approval. The first three factors found significant by the court are also present in this case. That Graham chose the persons who were paid by defendants to assist her during her employment reflects her status as senior employee of the Center and does not render her an independent contractor.

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The following additional factors, which are among the factors cited by *Reid* in determining the status of a hired party, point overwhelmingly to the conclusion that Graham was an employee of the defendants: (1) the Center, which paid for the dancers, pianists, sets, and costumes and which provided the rehearsal space, was the "source of [Graham's] instrumentalities and tools," *Reid*, 490 U.S. at 751, 109 S.Ct. 2166, for creating the dances; (2) Graham created the dances on the defendants' premises; (3) she was employed by the defendants for more than three decades; (4) the board of directors set a fixed annual salary for Graham with no separate compensation for the creation of dances; and (5) the creation of dances by Martha Graham was part of the "regular business" of the defendants.

Defendants have shown by a preponderance of the credible evidence that all of the 34 dances created by Martha Graham while she was employed by them between 1956 and her death in 1991 were works made for hire. Protas has not offered any evidence of an agreement between the Center and Graham to the contrary. Accordingly, copyright in the post-1956 works does not belong to Protas. The presumption of copyright validity attached to Protas' non-competing certificates of copyright registration for three unpublished dances created by Graham after 1956, The Owl and the Pussycat, Judith (created in 1980), and Phaedra's Dream, has been rebutted by the evidence that these dances were works made for hire. *See* *Carol Barnhart, Inc. v. Econ. Cover Corp.*, 773 F.2d 411, 414 (2d Cir.1985) ("[A] certificate of registration creates no irrebuttable presumption of copyright validity. Extending a presumption of validity to a certificate merely orders the burdens of proof.") (citations omitted); *Durham Indus. Inc. v. Tomy Corp.*, 630 F.2d 905, 908 (2d Cir.1980) ("Where other evidence in the

record casts doubt on the question, validity will not be assumed.").

Published Post-1956 Works

As discussed above, ten of the post-1956 dances have been published. Those ten dances and their years of first publication are: Clytemnestra (1979), Acrobats of God (1969), Circe (published before 1993), Cortege of Eagles (1969), Adorations (1976), Acts of Light (1984), The Rite of Spring (published before 1993), Temptations of the Moon (published before 1993), Night Chant (published before 1993), and Maple Leaf Rag (1991). Maple Leaf Rag was published after the permissive notice requirements of the Berne Convention Implementation Act took effect. Defendants have shown by a preponderance of the credible evidence that Acrobats of God and Cortege of Eagles are works made for hire and that both of these dances were published in the film "3 by Martha Graham" with adequate notice of the Center's copyright.

Despite the fact that he applied to register copyright in all of the dances as unpublished works, Protas now concedes that Acrobats of God and Cortege of Eagles were published in "3 by Martha Graham" with notice of the Center's copyright. Seeking to take advantage of defendants' affixation of the required notice to secure their copyright, however, he argues that the copyright notice on that film incorrectly named the Center as the copyright proprietor instead of Graham, and that the notice in the Center's name secured to Graham copyright in the dances published in the film.

Protas' reliance on *Goodis v. United Artists Television, Inc.*, 425 F.2d 397 (2d Cir.1970) is misplaced. In *Goodis,* plaintiff, the author of a novel, made arrangements in 1945 for his book to be printed in April 1946. After he had made the printing arrangements, on December 20, 1945, he sold the exclusive motion picture rights in the novel to Warner Brothers. Before the book was published, plaintiff received payment from a publishing company for the right to serialize the novel in a magazine. The book publisher agreed to postpone distribution of the book until October 1946, so that the novel was first published in eight installments in the magazine. Each issue of the magazine contained a single copyright notice in the magazine's name, but no notice in the author's name. Warner Brothers produced and exhibited the motion picture based on the novel and assigned its contract rights to defendant United Artists. After United Artists broadcasted a television film version of the motion picture, the author of the novel brought suit for copyright infringement. Defendant argued that the work had fallen into the public domain because the magazine publisher, "a mere licensee," had registered copyright in its name alone. The Second Circuit held that where "a magazine has purchased the right of first publication under circumstances which show that the author has no intention to donate his work to the public, copyright notice in the magazine's name is sufficient to obtain a valid copyright on behalf of the beneficial owner, the author or proprietor." *Id.* at 399. The court acknowledged that the magazine publisher "did not own all the rights" in the novel at the time that it was first published, but refrained from applying the doctrine of " 'indivisibility of copyright' which rejects partial assignments of copyrights and requires a proprietor or assignee of a copyright to hold nothing less than all the rights in a copyrighted work." *Id.* at 400. It was

reluctant to "thrust" the novel into the public domain "when, as here, everyone interested in [the novel] could see [the magazine publisher's] copyright notice and could not have believed there was any intention by [the author] to surrender the fruits of his labor." *Id.*

Acrobats of God and Cortege of Eagles were created by Graham but were "authored" by the defendants because these works were works made for hire. 17 U.S.C. § 26 (1976 ed.) ("In the interpretation and construction of this title ... the word 'author' shall include an employer in the case of works made for hire."). As Graham's employers the defendants owned *all* the rights in Acrobats of God and Cortege of Eagles when these works were published in "3 by Martha Graham," and correctly placed a notice of copyright in its own name on the film. In doing so, defendants preserved copyright in works that rightfully belonged to them. Accordingly, there is no danger of these works falling into the public domain.

With respect to seven post-1956 published dances, Clytemnestra, Circe, Adorations, Acts of Light, The Rite of Spring, Temptations of the Moon, and Night Chant, neither side has shown whether any of these dances were published with the required statutory notice of copyright.

V. Works Created by Graham prior to 1956

Of the 70 dances at issue, Graham created 36 prior to the time that she commenced her employment with the defendants in 1956. These 36 works are: Tanagra, Three Gopi Maidens, Flute of Krishna, Heretic, Lamentation, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Celebration, Dream,

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Saraband, Frontier, Panorama, Imperial Gesture, Chronicle/Steps in the Street, Deep Song, American Document, Every Soul is a Circus, El Penitente, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Herodiade, Appalachian Spring, Dark Meadow, Cave of the Heart, Errand into the Maze, Night Journey, Diversion of Angels, Eye of Anguish, Judith, Canticle for Innocent Comedians, Ardent Song, and Seraphic Dialogue.

Of the 36 pre-1956 dances, 16 have been published. These 16 dances and their years of first publication are: Flute of Krishna (1923), Heretic (1930), Lamentation (1930), Celebration (1934), Frontier (1935), Panorama (1935), Chronicle/Steps in the Street (1936), American Document (1938), El Penitente (1991), Herodiade (1991), Appalachian Spring (1959), Cave of the Heart (1976), Errand into the Maze (1984), Night Journey (1960), Diversion of Angels (1976), and Seraphic Dialogue (1969).

Public Domain

Copyrights secured before January 1, 1964 are governed by the stringent renewal requirements of the 1909 Act. Copyrights secured after January 1, 1964 are governed by the 1976 Act as amended by the Copyright Renewal Act of 1992. *See* 17 U.S.C. § 24 (1976 ed.); 17 U.S.C. § 304; The Copyright Renewal Act of 1992, Pub.L. No. 102-307, 106 Stat. 264, § 101 (June 26, 1992). Under the renewal provisions of the 1909 Act, the copyright term of published works ended 28 years after the date of first publication with adequate notice unless copyright was renewed in the final year of copyright protection. The 1909 Act provided:

> The copyright secured by this title shall endure for twenty-eight years from the date of first publication .... [The author or her successors] shall be entitled to a renewal and extension of the copyright in such works for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

17 U.S.C. § 24 (1976 ed.); *See also* Shoptalk, 168 F.3d at 590 ("If the initial copyright term expired without renewal, the work entered the public domain.").

Of the 16 published dances created prior to 1956, ten were first published before January 1, 1964: Flute of Krishna, Heretic, Lamentation, Celebration, Frontier, Panorama, Chronicle/Steps in the Street, American Document, Appalachian Spring, and Night Journey.[10] Those ten works are governed by the stringent renewal requirements of the 1909 Act. Since the Copyright Office has no record of any registration prior to 2000, the evidence is clear that any copyrights secured in those ten published works were not timely renewed. Accordingly, those ten works are in the public domain, even if they had been first published with adequate notice of copyright.

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[10] Two of the works that are in the public domain, Appalachian Spring and Night Journey, were commissioned by third parties. See infra.

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Commissioned Works

A preponderance of the credible evidence shows that prior to 1956, Martha Graham was commissioned to create seven dances by a number of renowned musical and cultural organizations and that these dances were first performed between 1944 and 1953. The seven dances are: Herodiade, Appalachian Spring, Dark Meadow, Cave of the Heart, Night Journey, Judith (created in 1950), and Canticle for Innocent Comedians.

Of the seven commissioned dances, four, Appalachian Spring, Night Journey, Herodiade, and Cave of the Heart, have been published. Plaintiff's certificates of copyright registration for these four dances as unpublished works do not constitute prima facie evidence of copyright validity. Neither side has obtained certificates of copyright registration for the remaining three works, Dark Meadow, Judith (created in 1950), and Canticle for Innocent Comedians, which are unpublished.

Since all of the commissioned dances were created prior to January 1, 1978, they are governed by the 1909 Act. Unlike the 1976 Act, the 1909 Act did not preempt common law protection, but permitted common law copyright to subsist in a work until first publication. Statutory protection attached upon first publication with notice. *See* 17 U.S.C. § 2 (1976 ed.) ("Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law ... to prevent the copying, publication or use of such unpublished work without his consent, and to obtain damages therefor."); 17 U.S.C. § 10 (1976 ed.) ("Any person

entitled thereto ... may secure copyright for his work by publication thereof with the notice of copyright ....").

The commissioning party is the presumptive owner of copyright in the works it commissions under both the 1909 Act and the common law of New York. "[C]ourts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party." *Reid*, 490 U.S. at 744, 109 S.Ct. 2166 (citing *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 31 (1939); *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570 (2d Cir.1955), *reh'g granted and rev'd in part on other grounds*, 223 F.2d 252 (2d Cir.1955)).

In *Yardley*, the Second Circuit noted that:

> If [an artist] is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and that the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself. Such a presumption must rest on the supposed intention of the parties .... [T]he right to copyright should be held to have passed with [the work created by the artist], unless the plaintiff can prove that the parties intended it to be reserved to the artist.

Yardley, 108 F.2d at 31. *See also Brattleboro*, 369 F.2d at 568 (" 'Whether the copyright resides in the person thus commissioning the work or in the independent contractor creating the work will always turn on the intention of the parties

where that intent can be ascertained.' Where that intent cannot be determined the presumption of copyright ownership runs in favor of the employer.") (citations omitted); *Dielman v. White*, 102 F. 892, 894 (C.C.D.Mass.1900) ("[W]hen an artist is commissioned to execute a work of art not in existence at the time the commission is given, the burden of proving that he retains a copyright ... rests heavily upon the artist himself ... [and there is] a very strong implication that the work ... is to belong unreservedly and without limitation to the patron.").

With respect to all of the commissioned works, no party has proved that Graham and the commissioning parties intended the copyright to be reserved to Graham. As discussed above, two of the published commissioned works, Appalachian Spring and Night Journey, are in the public domain. There are two published commissioned works, Herodiade and Cave of the Heart, for which neither side has offered any evidence regarding whether they were published with adequate notice. Three commissioned works, Dark Meadow, Judith (created in 1950), and Canticle for Innocent Comedians, remain unpublished.

Assignment of Copyright in the Pre-1956 Works

There is no writing in evidence in which Graham assigned copyright in the dances to the Center. Nonetheless, "[i]t is well settled ... that the transfer of the 'common law copyright' in unpublished works did not have to be in writing but could be oral or inferred from conduct." *Jerry Vogel Music Co. v. Warner Bros., Inc.*, 535 F.Supp. 172, 174 (S.D.N.Y.1982) (inferring a transfer of common law copyright prior to a song's publication and copyright registration by the alleged assignee from evidence of a "sequence of events" that "bespeak of an

ongoing relationship" between assignor and assignee that began before the date of first publication). *See also* Gladys Music, Inc. v. Arch Music Co., Inc., 150 U.S.P.Q. 26, 30 (S.D.N.Y.1966).

In *Estate of Ernest Hemingway v. Random House, Inc.*, 23 N.Y.2d 341, 296 N.Y.S.2d 771, 244 N.E.2d 250 (1968), plaintiffs sued the publisher and author of a book containing lengthy quotations from Hemingway's conversations with the author. Plaintiffs alleged that the book contained literary matter composed by Hemingway in which he had a common law copyright and that its publication constituted an unauthorized appropriation of his work. The New York Court of Appeals noted that during Hemingway's lifetime, it had been a "continuing practice" for the book's author to write articles about Hemingway consisting largely of quotation from his conversations, and that Hemingway approved of all of this. It held that "[i]n these circumstances, authority to publish must be implied, thus negativing the reservation of any common-law copyright." *Id.* at 349, 296 N.Y.S.2d 771, 244 N.E.2d 250. Similarly, in *Houghton Mifflin Co. v. Stackpole Sons*, 104 F.2d 306 (2d Cir.1939), *cert. denied*, 308 U.S. 597, 60 S.Ct. 131, 84 L.Ed. 499 (1939), the Second Circuit held that since Adolf Hitler "did not himself take out the copyright" in the book he had authored, "there was no need of a formal assignment by him" to the publishers of the book. *Id.* The court held that "mere delivery of the manuscript was sufficient" to show that the copyright in the manuscript had been assigned to the publishers. *Id.*

In January of 1957, Graham gave all her theatrical properties to the defendants, but the document conveying these

properties did not mention the copyright in the choreographic works. A preponderance of the credible evidence shows that between January of 1957, but prior to 1965 or 1966, Graham assigned to the defendants copyright in 21 non-commissioned, pre-1956 works that were unpublished at that time. Those works are: Tanagra, Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul is a Circus, El Penitente (first published 1991), Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Errand into the Maze (first published 1984), Diversion of Angels (first published 1976), Eye of Anguish, Ardent Song, and Seraphic Dialogue (published 1969).

In February of 1971, LeRoy Leatherman, the Executive Administrator of the Center, wrote to Linda Hodes, previously a principal dancer with the Dance Company. In denying Hodes' request to perform the Graham dances while she was at the Netherlands Dance Theater, Leatherman stated that:

> Martha has asked me to answer a part of your letter to her, dated January 30th....
>
> About the Netherlands Theatre and the works: Martha has assigned all rights to all of her works to the Martha Graham Center, Inc. She did this for two reasons: To be sure that some responsible control would be exercised over them in the future and so that someone other than she would take the responsibility now for saying yes or no to the requests that are coming in from all directions. The Board of Directors is now faced with formulating a firm policy about the works and what is to happen to them.

Linda Hodes, who was closely associated with Graham and the defendants since the early 1950s, testified credibly that she received such a letter written on Center letterhead and signed by Leatherman. She first met Graham in 1940 and continued to interact with Graham until her death. Hodes had "daily conversations" with Graham. In her last will, Graham requested that Protas consult with her friends, among whom she listed Linda Hodes first.

Previously, in September of 1968, Leatherman had written a letter denying a request by Benjamin Harkarvy, Director of the Netherlands School, to perform the dances. In that letter, Leatherman stated that:

> Recently Miss Graham assigned performing rights to all of her works to the Martha Graham Center of Contemporary Dance, Inc.... and the decision to grant such rights rests now exclusively with the Center's Board of Directors. The members of the Board, in planning for the future of the Martha Graham Dance Company, are now discussing what policy will be adopted in regard to performing rights to other Companies....
>
> Miss Graham deeply regretted that she was unable to attend your recent New York season and asks me to send you her congratulations and her greetings.

LeRoy Leatherman had been the principal managerial employee of the defendants and a member of the board of directors of the School dating back at least to 1956, when the

School was incorporated. In January of 1958, as Secretary and Treasurer of the School, he signed the tax protest submitted by the School to the Internal Revenue Service and stated that the information contained in the protest was true to his knowledge, information and belief. Jeanette Roosevelt, who served as a member of the Center's board of directors from 1965 or 1966 until the end of 1972, and as President of the Center and of the School from 1968, testified that Leatherman was very loyal to Graham and was concerned that her wishes be met. She recalled that Hakarvy's request to perform the dances had been denied. By using Roosevelt's deposition in questioning her at trial, plaintiff established that it was Roosevelt's understanding that Graham had given the choreographic works to the Center prior to the time that Roosevelt became a board member. Roosevelt knew about this transfer because it was "part of the board's understanding" and because the board "had records in which [Graham] had given the materials to the board." Roosevelt further testified at the trial that "it was [the board's] assumption that whenever dances were created they would become works that the board was responsible for. It was a continuation of the situation that had come about when [Graham] gave the works to the board." Roosevelt was a credible and forthcoming witness.

Documentary evidence and the credible testimony of several witnesses show that throughout the 1960s, 1970s, and 1980s, the defendants consistently acted as the owners of the ballets created by Graham prior to 1956, and that Graham did not object to such actions by the defendants. In addition to the representations made to third parties by Leatherman, the Center entered into contracts with third parties pertaining to performances by the Dance Company as well as the filming and

publication of the pre-1956 works. Jeannette Roosevelt testified credibly that in 1960 or 1961, while she was director of the American Dance Festival, Leatherman, on behalf of the Center, signed a contract with the Festival in connection with the performance by the Dance Company at the Festival. Lee Traub testified credibly that while she was a member of the board between 1974 and 1994, the Center contracted with third parties for performances by the Dance Company, and for the making of dance films. In her final will, Graham requested Protas to consult with her "friend," Lee Traub.

In 1969, Seraphic Dialogue, a pre-1956 dance, was published in the film "3 by Martha Graham." That film was produced by the Center during Graham's employment with her obvious consent, and published in 1969 with notice of copyright in the Center's name. Graham herself danced in the film. William McHenry, a member of the Center's board of directors, testified credibly that in 1968 or 1969, on behalf of the Center, he negotiated for the licensing of "3 by Martha Graham" to National Educational Television ("N.E.T."). In a 1969 letter addressed to N.E.T. and copied to Leatherman, McHenry stated that "[i]n the United States we reserve film rights for all uses; outside the United States we are to have all rights." Also in 1969, during license negotiations pertaining to "3 by Martha Graham" with Harold Shaw, a presenter of dance performances, McHenry affirmed that "foreign rights for the tapes/film will be held by the Martha Graham Center of Contemporary Dance, Inc." Minutes from the Center's board of directors meeting on February 20, 1970, state that "[i]t was noted that 'Three by Martha Graham' had been presented on N.E.T. on October 21st and at this time is being transferred to 16 MM film for distribution to Schools, Colleges and Universities." Martha

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Graham is listed in the minutes as among those present at that meeting. On August 10, 1970, LeRoy Leatherman, on behalf of the Center, executed a license agreement with "Adams Production," granting the latter "in perpetuity the sole, exclusive right under copyright and otherwise, to exhibit, rent, license, lease, distribute, sub-license, sub-lease, sub-distribute and/or sell ... prints of [3 by Martha Graham] throughout the world."

In 1973, Protas wrote a letter to Arnold Weissberger stating that:

> I am making arrangements to have a work film made of "Clytemnestra" and "Secular Games", "Myth of a Voyage" and "Mendicants of the Evening". I would be grateful if we could draw up a contract between the Center and the photographer, Mr. Nathaniel Tripp, stating that we retain all rights to these films and that he has no authority to make duplicates of them.

Minutes of the Center's board of directors' meeting for September 11, 1984 describe an agreement between the Center and Danish Radio regarding films of Acts of Light, Cave of the Heart, and Errand into the Maze that "was much better for the Center in the long run because the Center would own the film and could sell both the broadcast and the video rights." The minutes also note that "[t]he Center had already entered negotiations with PBS for broadcast of the Danish film program," and that the Center had refused PBS' request for 50% of cable TV sales and 10% of video sales.

Minutes of the Center's board of directors' meeting for October 18, 1984, at which Martha Graham was present, state that:

> Ron Protas ... detailed to the Board the extraordinary filming deal Jim Nomikos had made in Denmark. The Center now owns the 90 minute film of the three ballets--'Cave of the Heart', 'Errand into the Maze', and 'Acts of Light'--which it will sell to PBS for $100,000 and possibly to various European countries.... Ron thanked the Board saying that without their support the deal could never have been made.

The December 11, 1984 board minutes state that $100,000 had been received "from the PBS film," and that "because the Center now owned the film and all the rights, it could now sell the broadcast rights and also, possibly, videocassettes around the world. The film could, therefore, generate several hundred thousand dollars income for the Center."

In September of 1990, the Center entered into an agreement with NHK, a Japanese television network, for two taped dance performances. Protas, as General Director, represented the Center in that license agreement. The agreement stated that the Center retained "all broadcast rights outside of Japan" and "the rights to perform" the two dance programs.

Protas admitted on cross-examination that in 1985, while he was the Center's "General Director," the Center entered into a "presentation agreement" with the 55th Street Dance Theater

Foundation, Inc. for the "production" of dance performances. Although Protas testified that the Center obtained Graham's permission to enter into this agreement, there is no evidence that such permission was necessary or that it was obtained. Furthermore, Judith Schlosser and Jeannette Roosevelt testified credibly that the Dance Company did not have to request permission from Graham to perform the dances.

Finally, Pease's 1974 study of the defendants' historical records revealed that the Center received royalties and paid all of the expenses related to the creation of the dances. He testified credibly that the "background ledgers" he studied showed that prior to 1974, the dances, sets, and costumes had been listed as assets on the defendants' financial statements.

Plaintiff argues that Leatherman's representations to third parties are not reliable in light of a 1972 letter from Louis Goodkind, a member of the Center's board of directors, to Graham stating that other than two works that Graham had assigned to the Center, "as far as I know, you retain title to the other choreographic works which you created, and I suppose that the sets and properties relating to the various productions belong to whoever commissioned them." As Executive Administrator, Leatherman was intimately involved in the day-to-day operations of the defendants. Accordingly, he was much better placed than Goodkind to know of an assignment of all the rights in the dances.

Plaintiff also attempts to undermine Leatherman's credibility by introducing a letter Leatherman wrote to Linda Hodes in October of 1971 in which he asked Hodes to keep certain plans of dance tours from Graham. That letter was

written at least five or six years after the assignment of the works. Furthermore, that letter does not show that Leatherman kept Graham uninformed of his letter to Hodes in which he described the assignment. On the contrary, in his February 1971 letter to Hodes describing the assignment and denying her request to perform the dances, Leatherman specifically mentioned that Graham had asked him to respond to Hodes' request.

Next, plaintiff argues that Graham's 1960 tax return shows that she received royalties from Nathan Kroll for the dance Night Journey. Neither side presented evidence as to what these royalties represented. In any event, as discussed above, Night Journey and Appalachian Spring, for which Graham received royalties from Phoenix Films, were published in 1960 and 1959 respectively, and are in the public domain.

Plaintiff also relies on Cynthia Parker-Kaback's testimony that in the mid-1970s, she prepared and mailed to the Copyright Office applications for registration of copyright on behalf of Graham. From observing Parker-Kaback's demeanor and listening to her testimony, I do not credit her statement that she submitted the applications for registration to the Copyright Office. It is undisputed that the Copyright Office has no record of copyright registrations made prior to Graham's death for the dances at issue. Although she was in theory an employee of the defendants, Parker-Kaback was hired by Protas, unquestioningly followed his orders, and remained closely associated with him.

Although Parker-Kaback testified that in 1974 she "report[ed] to the board that the application [for copyright in Graham's name] was going through" and that the issue was

"discussed at board meetings," I do not credit her testimony. Pease, a more independent witness who undertook an exhaustive study of ownership of the ballets, sets, and costumes, testified credibly that it was his best recollection that such a discussion did not take place. Furthermore, copies of eleven copyright applications prepared by Parker-Kaback show that nine of the applications were incomplete, i.e., they did not include the page containing the claimant's signature.

Plaintiff also relies on the notice of copyright in Graham's name that appeared in the 1978 and 1982 programs for performances by the Dance Company. Those notices were placed at the direction of Parker-Kaback and not Graham. Parker-Kaback testified that she had told Harold Klein, an attorney who specialized in copyright matters, "to go to Barbara Ringer, the director of copyrights in Washington," "[t]o ask her if there was any way we could copyright, Martha Graham could copyright her works." She also testified that based on what Klein told her, she "passed on the information that this wording was to appear in all programs from now on." She further testified that she did not have any conversations with Graham about copyrighting her works, but that she spoke with Alex Racolin, Graham's attorney. Finally, Parker-Kaback's 1974 memorandum to Protas and board members Arnold Weissberger and Francis Mason, stating that "I am assuming that there is no question in any of our minds that Martha personally owns the rights to all of the works," is not probative on the issue of assignment. Francis Mason testified credibly that he did not respond to that memorandum because it was not his habit to do so.

Plaintiff points to a June 21, 1985 letter from Diane Gray, the director of the School, regarding the use of Steps in the Street by one Barry Fisher for a doctoral project. In this letter, Gray stated that "Miss Graham has never given him permission to use her work." As discussed above, common law copyright in Steps in the Street/Chronicle was extinguished when it was first published in 1936, and this work is in the public domain. Plaintiff also points to Graham's earlier will drawn in 1987 in which she bequeathed for the benefit of her sister, Georgia Sargeant, "all royalties payable with respect to the ballet 'Diversion of Angels' to my Trustees, IN TRUST." As discussed above, James McGarry testified credibly at the first trial that he drew Graham's will in "no more than an hour" without conducting any investigation regarding what she owned. Plaintiff also relies on a letter Graham wrote on May 16, 1990 in which she stated that "[t]o support the Company, I have agreed to allow some of the ballets to be licensed." Graham's statements in the final years of her life, when she was in her nineties, do not negate the assignment of her pre-1956 dances, which had occurred more than two decades before. Moreover, contrary to the letter of May 16, 1990, many films of the ballets had already been licensed and published extensively by the Center in the 1960s and the 1970s.

The evidence of Graham's assignment of the works to the Center is sufficient to overcome the presumption of copyright validity of Protas' non-competing certificates of copyright registration for the following unpublished pre-1956 dances: Tanagra, Primitive Mysteries, Satyric Festival Song, Deep Song, Every Soul is a Circus, and Punch and the Judy. *See* *Carol Barnhart*, 773 F.2d at 414.

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Assignment of Renewal Term

As of January 1, 1978, common law copyright in unpublished works that were copyrightable under the 1976 Act was transformed into statutory copyright which subsisted from January 1, 1978 and endured for 70 years after the death of the author. 17 U.S.C. § 303 ("Copyright in a work created before January 1, 1978, but not theretofore in the public domain or copyrighted, subsists from January 1, 1978, and endures for the term provided by section 302."); 17 U.S.C. § 302(a) ("Copyright in a work ... endures for a term consisting of the life of the author and 70 years after the author's death."). As discussed above, under the 1909 Act, common law copyright subsisted in unpublished works until first publication. 17 U.S.C. § 2 (1976 ed.) ("Nothing in this title shall be construed to annul or limit the right of the author or proprietor of an unpublished work, at common law ....").

Accordingly, with respect to works that were unpublished as of January 1, 1978, there is no renewal term. Of the 21 works assigned by Graham to the defendants, 17 remain unpublished, and two works were first published after January 1, 1978. The 17 assigned works that remain unpublished are: Tanagra, Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul is a Circus, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Eye of Anguish, and Ardent Song. The two assigned works that were first published after January 1, 1978 are El Penitente (published 1991) and Errand into the Maze (published 1984).

With respect to works that were published prior to January 1, 1978 with adequate notice of copyright, the original term of statutory copyright was secured upon first publication and endured thereafter for 28 years, after which the renewal term began. As discussed above, a preponderance of the credible evidence shows that the original term of copyright in Seraphic Dialogue, which was first published with notice of the Center's copyright in 1969, was assigned by Graham to the defendants.

Assignment of copyright in the renewal term, however, may not be implied from the conduct of the parties. It is well established that "there is a strong presumption against the conveyance of renewal rights." *Corcovado Music Corp. v. Hollis Music, Inc.*, 981 F.2d 679, 684 (2d Cir.1993). " '[I]n the absence of language which expressly grants rights in "renewals of copyright" or "extensions of copyright" the courts are hesitant to conclude that a transfer of copyright ... is intended to include a transfer with respect to the renewal expectancy.' " *Id.* (citations omitted). *See also Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 653, 63 S.Ct. 773, 87 L.Ed. 1055 (1943); *Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 747 (2d Cir.1975), *cert. denied*, 424 U.S. 955, 96 S.Ct. 1429, 47 L.Ed.2d 360 (1976).

In the absence of any evidence of an express grant of the right to renew the copyright in Seraphic Dialogue, "the author's executors, if such author, widow, widower, or children are not living, ... shall be entitled to a renewal and extension of the copyright in such work for a further term of 67 years." 17 U.S.C. § 304(a)(1)(C). Furthermore, the renewed copyright in such a work vests with the person entitled to the renewal of the copyright as of the last day of the original term of the copyright,

even if no renewal application is made. 17 U.S.C. § 304(a)(2)(B) ("[I]f no such application is made or the claim pursuant to such application is not registered, [the copyright shall endure for a renewed term of 67 years which] shall vest, upon the beginning of such further term, in any person entitled under ... [17 U.S.C. § 304(a)] (1)(C), as of the last day of the original term of copyright, to the renewal and extension of the copyright."). Accordingly, Protas, as executor of Graham's estate, is entitled to the renewed copyright in Seraphic Dialogue even though there is no evidence that he has filed a renewal application with the Copyright Office for this work.

Published Pre-1956 works

Sixteen of the pre-1956 works have been published. As discussed above, ten of these works are in the public domain because of the failure to renew copyright timely,[11] and two dances, Herodiade and Cave of the Heart, are commissioned works. The right to renew the copyright in Seraphic Dialogue has reverted to Protas. The remaining three works are El Penitente (published 1991), Errand into the Maze (published 1984), and Diversion of Angels (published 1976).

Defendants' copyright in El Penitente has been preserved because it was first published in 1991, after the permissive notice requirements of the Berne Convention Implementation Act took effect. With respect to the remaining two works, Errand into the Maze, and Diversion of Angels, there is no

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[11] As discussed above, two of the works in the public domain, Appalachian Spring and Night Journey, are commissioned works.

evidence that copyright in these works was secured upon first publication by the affixation of the required notice of copyright.

VI. Sets and Costumes

Plaintiff seeks replevin and a declaration of ownership with respect to the following property: (1) Noguchi sets other than the six pieces (three Herodiade sculptures, Lyre, Cave of the Heart and Wood Sculpture of a Horse) sold to the J.M. Kaplan Fund; (2) a casting from Herodiade; (3) the Noguchi jewelry from Judith; (4) costumes designed and worn by Graham; (5) dance clothes manufactured by Danskin; and (6) Halston costumes given to Graham.

Defendants counterclaim for a declaration that they own the original sets and costumes for all of the dances at issue, and seek to replevin the Noguchi sets in Protas' possession. Defendants also counterclaim for replevin of the following items: (1) all costumes; (2) books and bibliographic materials; and (3) films and videotapes.

Under New York law, to establish a claim for replevin, the claimant must show ownership of the chattel and entitlement to its possession. When the original possession by the defendants is lawful, the claimant must also show a demand for the return of the chattel, and refusal of the demand. *See* 23 N.Y. Jur.2d § 45; *Leadertex, Inc. v. Morganton Dyeing & Finishing Corp.*, 1994 WL 445618, at *5 (S.D.N.Y.1994) (citing *Solomon R. Guggenheim Found. v. Lubell*, 77 N.Y.2d 311, 317-18, 567 N.Y.S.2d 623, 569 N.E.2d 426 (1991)); *Feld v. Feld*, 279 A.D.2d 393, 720 N.Y.S.2d 35, 37 (1st Dep't.2001) ("A

cause of action for replevin or conversion requires a demand for the property and refusal.").

Defendants argue that they do not need to establish a demand and refusal to prevail on their replevin claim because Protas did not have lawful possession of their property. No evidence was presented at trial regarding whether plaintiff demanded return of the property he now claims and whether this demand was refused by the defendants. The Amended Complaint alleged that such a demand had been made and refused, but the Amended Answer denied this allegation, asserting only that Protas had sought access to defendants' warehouse and that access had been denied. Plaintiff relies on an email written by Marvin Preston, Executive Director of the defendants, to establish that a demand and refusal occurred. In this email, Preston stated that "I've determined that we do have costumes and set for Maple Leaf Rag which are the property of Ron/the Trust. So, on Friday, we will provide them as well." That email does not establish that the properties claimed by plaintiff were demanded and refused.

The Noguchi Sets

At trial, Protas testified that 19 sets were created by Noguchi for the following 20 dances: Frontier, Horizons, El Penitente, Imagined Wing, Herodiade (remaining 3 pieces), Appalachian Spring, Dark Meadow, Cave of the Heart, Errand into the Maze, Night Journey, Diversion of Angels, Judith (chair, five or six screens, jewelry), Voyage (1953)/Circe (1963) (same set), Seraphic Dialogue, Clytemnestra, Embattled Garden, Acrobats of God, Phaedra, and Cortege of Eagles. He also testified that defendants do not have one of the pieces from the

Embattled Garden set which was loaned to the Isamu Noguchi Museum. On cross-examination, Protas testified that the sets for Horizons were not created by Calder, as stated in the "Martha Graham Repertoire," but were instead created by Noguchi. Other than Protas' testimony, no additional evidence was introduced by plaintiff to show which sets were created by Noguchi.

In claiming ownership of the Noguchi sets, plaintiff relies on a document labeled "Addendum to the Minutes of the Board of Trustees" for June 23, 1988, a separate page that was not incorporated into the board minutes for that day. The "Addendum" states that "[t]he Board unanimously confirmed that all of the sets of Isamu Noguchi were given to Martha Graham, and that if some were credited to the [C]enter's assets, that this was incorrect and would be changed. It was only asked that it be formally implemented through Peter Morrison." ' This puzzling document is both unclear and unreliable, particularly in light of the evidence at the first trial that all drafts of minutes had to be approved by Protas before they were circulated.

Plaintiff also relies on the minutes of a March 27, 1987 board meeting which stated that "said pension of $40,000 a year [to Georgia Sargeant] if approved would be in lieu of any payment of royalties and fees for the Companys [sic] use of Martha Grahams [sic] Ballets, Costumes and Noguchi sets, all of which remain her personal property.... [T]he full Board unanimously approved the motion which was then carried." As discussed above, the motion at issue in this document was proposed by plaintiff and pertains to Georgia Sargeant's pension, and not to the payment of royalties. In any event, Protas has not

established by a preponderance of the credible evidence that any royalties were paid to Graham by the defendants.

A preponderance of the credible evidence shows that on January 15, 1957, Graham transferred all her existing theatrical properties to the School. This transfer included the complete theatrical settings for sixteen separate ballets, most of which had been created by Noguchi, the entire costume wardrobe used with these sixteen works, and all her electrical and basic stage equipment. A document dated January 15, 1957 records "a legal transfer of ownership" to the School of all theatrical properties then owned by Graham. That this document was eventually signed and executed by Graham is shown by the specific reference in the tax protest that defendants filed in 1958. The tax protest states:

> Miss Graham in the middle of January 1957, transferred to the School almost all of her theatrical properties. This donation included the complete theatrical settings for sixteen separate dance-dramas, most of which settings had been executed for her by the celebrated Japanese-American artist, Isamu Noguchi.... In addition to the sets, Miss Graham included in her donation to the School the entire costume wardrobe used with these sixteen works, as well as all her electrical and basic stage equipment, including a Davis dimmer board, twenty-five sets of assorted black draperies and floor cloths, a large amount of electrical cable, two floodlights and twelve spotlights.

Accordingly, with the exception of the sculptures sold by the Center to the J.M. Kaplan Fund in 1990, all of the theatrical properties including the Noguchi sets and jewelry in Graham's possession as of January 15, 1957 are property of defendants.

In June of 1988, Peter Morrison, a member of the Center's board of directors, commenced an investigation into the ownership of Noguchi sets. When he fell ill, Kevin Rover, a member of the Center's board, took over the investigation in late 1988 or 1989. Rover testified credibly that he was not shown numerous documents pertaining to the ownership of the sets and costumes, including, in particular, documents pertaining to Graham's 1957 transfer of all theatrical properties to the School. Evidence admitted at the first trial shows that in connection with collateral for a loan obtained from Sotheby's, Protas attempted to persuade Rover that Graham owned the Noguchi sets.

Also admitted at the previous trial was a letter to Protas from Rick Burke, President of the Center and a member of the board of directors, addressed to Protas. That letter stated that:

> As far as the art is concerned, it concerned me that last year you attempted to move the art from the Center back to Martha and the Board delay [sic] a decision until we had legal advice which we never acted on. I did talk to Peter who stated flately [sic] that all the art was owned by the Center to protect them from inheretance [sic] taxes and give the Center the necessary assets to finance the company. Your action without talking to me, concerned me and other members of the Board. No one disputes you run the show and deserve what ever Martha wants to give you.

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Board minutes for July 1989 state that Rover proposed a motion "establish[ing] Martha Graham as the owner of the Noguchi sets and jewelry" and that the motion was adopted by the board. The language of the July 1989 resolution and Burke's letter show that the board was led to believe at that time that Graham owned the Noguchi sets. The resolution does not purport to reassign to Graham sets that she had previously transferred to the Center. Indeed, there is no evidence of donative intent, i.e., that the members of the board intended their resolution to effect a transfer of ownership from the Center to Graham.

The sets for the following 12 dances created prior to 1957 were created by Noguchi: Chronicle/Steps in the Street, Imagined Wing, Herodiade, Appalachian Spring, Dark Meadow, Cave of the Heart, Errand into the Maze, Night Journey, Diversion of Angels, Judith (created in 1950), Voyage, and Seraphic Dialogue. This list is obtained from the Repertoire of Graham's dances.[12] Any possession of the pre-1957 sets by Protas is unlawful, and accordingly, defendants do not have to show that a demand and refusal occurred with respect to those items. Defendants, however, have not shown that any of these sets are currently in Protas' possession. Neither side has shown how the Noguchi sets and jewelry which were used in the Graham ballets created after January 15, 1957 were acquired.

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[12] Both parties agreed to be bound by the Repertoire for a chronological list of the dances created by Graham. Defendants rely on the Repertoire for identifying which dances had sets designed by Noguchi. In his testimony, Protas did not accept the accuracy of the set designers named for each dance in the Repertoire.

Remaining Sets, Costumes, and Theatrical Properties

As discussed above, Graham transferred all of her then existing theatrical properties, costumes, and stage equipment to the defendants in January of 1957. Accordingly, defendants own all of that property. In addition, a preponderance of the credible evidence shows that after January of 1957, the Center regularly paid for the making and repair of all theatrical properties, stage equipment, and costumes, and that costumes were routinely donated to the defendants. In 1974, Edmund Pease found in his "thorough study" of documents dating back to the Center's early years that the Center had borne the expenses of creating the sets and costumes. In 2000, Marvin Preston concluded from a detailed study of the defendants' records that the sets and costumes were paid for by the defendants and that these items were assets of the defendants. Preston was a forthcoming and credible witness. Lee Traub, a member of the Center's board of directors, and its Chairman for many years, testified credibly that various designers, including Halston, donated costumes to the Center. Cynthia Parker-Kaback also testified credibly that the Center employed costumers and seamstresses and paid for the creation of sets and costumes. The notes to the financial statements in auditor's reports prepared by Lutz and Carr listed costumes among the items donated to the defendants.

Protas relies on a few of Graham's early tax returns which reported as expenses money spent on "costumes." Pease, however, testified credibly that although Graham might sometimes have advanced payment for costumes, "the Center went back and paid for them afterwards." With respect to the

costumes designed and worn by Graham, the dance clothes manufactured by Danskin, and the Halston costumes given to Graham, plaintiff has not adequately identified these items or distinguished them from costumes that were donated to the defendants. Nor has he established that defendants are in possession of these items. Finally, Protas has not established that he demanded any of these items from the defendants, or that the defendants refused his demand. Accordingly, Protas is not entitled to replevin of those items.

Defendants have established by a preponderance of the credible evidence that some of their property is currently and unlawfully in plaintiff's possession. Marvin Preston testified credibly that a month before the trial, he found many trunks at plaintiff's warehouse labeled "Martha Graham Dance Company" which contained costumes. He was able to identify those costumes as the property of the Center by the label affixed to each of the costumes which indicated the name of the dance and the dancer it was created for. Preston also found at plaintiff's warehouse a cardboard box labeled "Halston clothes," which contained costumes with the same kind of labels. Finally, Preston also found two pieces of artwork each of which carried a label stating "this panel from the Wickes Collection is the property of the Martha Graham Center of Contemporary Dance, Inc." Photographs of the trunks, costumes, artwork, and Wickes collection labels were introduced at trial. Defendants are entitled to replevin the trunks containing costumes (including those made by Halston) and the artwork that they identified as possessed by Protas. Defendants have not, however, identified books and bibliographic materials or films and videotapes owned by them that are in Protas' possession. Accordingly, they are not entitled to replevin those items.

VII. Plaintiff's Replevin Claim with Respect to Other Personal Property

Plaintiff also seeks replevin of the following items: three Chinese moon viewing chairs; a Tibetan lama statue; several cases of videotapes of "Blood Memory"; videotapes made and paid for by Protas; four trunks of Protas' personal papers and clothing; two stands for "Frescoes" paid for by Graham; Max Waldman photographs given to Graham; historic floorboards from Studio One of 316 East 63rd Street; mirrors and bars from Studio One; IBM typewriter; drop leaf table; drafting table from Protas' old office at 316 East 63rd Street; photographs taken by Protas; Graham's vicuna throw; Georgia Sargeant's early 19th century sleigh bed and birthing rocker; Protas' 19th century wicker chaise; suitcases with personal effects; family photographs and paintings of Graham's family; low benches designed by Noguchi and given to Graham; and chairs of various heights commissioned by Bethsabee de Rothschild and designed by Noguchi for Graham.

Plaintiff has not established by a preponderance of the credible evidence that he owns any of the items at issue, or that they are currently in defendants' possession. Nor has he established a demand and refusal for any of the property at issue. The only evidence offered in support of this claim was plaintiff's own vague and contradictory testimony. All of the items listed have been insufficiently identified.

It was only after cross-examination that Protas attempted to ascertain whether he already had possession of the items he is claiming. He searched only five of the eight trunks in his

own warehouse. After conducting the search, he testified that he found Georgia Sargeant's early 19th century sleigh bed in his own warehouse, and that he was withdrawing his claim for that item.

Protas also testified that he was not seeking return of properties that he had already sold to the Library of Congress. It is unclear, however, whether the several cases of "Blood Memory" that Protas seeks from defendants are the same as the "2-300 tapes of Blood Memory" that were sold by him to the Library of Congress. It is also unclear whether the photographs that Protas now claims he owns were among the photographs that he donated in December 1985 "for use of the Center." Nor has plaintiff identified which videotapes were paid for by him, and not the Center. For all the foregoing reasons, plaintiff has not established by a preponderance of the credible evidence his right to replevin any of the personal property he claims.

VIII. Defendants' Breach of Fiduciary Duty Counterclaim

Defendants counterclaim for breach of Protas' fiduciary duty to the Center. They seek to impose a constructive trust on (1) $650,749 in proceeds that Protas received from licensing the ballets, sets, and costumes to third parties, and accumulated statutory interest of $351,404, and (2) at least $167,717 for items owned by the Center which Protas sold to the Library of Congress, and accumulated interest of $45,283. Defendants also contend that Protas should forfeit the salary he received during the last ten years of his employment by defendants, $34,743 in unpaid loans, and $235,000 that he received from the defendants in connection with the 1999 license agreement. Defendants seek prejudgment interest on all of those amounts.

"It is firmly established that the directors of a corporation have the fiduciary obligation to act on behalf of the corporation in good faith and with reasonable care so as to protect and advance its interests." *Pebble Cove Homeowners' Ass'n. v. Shoratlantic Dev. Co., Inc.*, 191 A.D.2d 544, 595 N.Y.S.2d 92, 93 (2nd Dep't 1993), *appeal dismissed,* 82 N.Y.2d 802, 604 N.Y.S.2d 559, 624 N.E.2d 697 (1993).

> The standard of care to which directors and officers of a not-for-profit corporation must subscribe is set out in Not-for-Profit Corporation Law ("N-PCL") § 717(a) which requires that they "discharge [their] duties ... in good faith and with that degree of diligence, care and skill which ordinarily prudent men would exercise under similar circumstances in like positions."

S.H. and Helen R. Scheuer Family Found. Inc. v. 61 Assocs., 179 A.D.2d 65, 582 N.Y.S.2d 662, 664-65 (1st Dep't 1992). This formulation of the standard of care is an "expansion of the duty of the comparable section of the Business Corporation Law which does not contain the words 'care' and 'skill.' " *Manhattan Eye, Ear & Throat Hosp. v. Spitzer*, 186 Misc.2d 126, 715 N.Y.S.2d 575, 593 (Sup.Ct.N.Y.Cty., 1999)(internal citations omitted).

A preponderance of the credible evidence shows that Protas profited improperly at the defendants' expense and did not act "with an eye single to the interests" of the defendants to whom he owed a fiduciary duty. *See Donovan v. Bierwirth*, 680 F.2d 263, 271 (2d Cir.1982). While he was the principal managerial employee and a board member at the Center, Protas'

personal interests became his primary focus, interests that he himself recognized were in conflict with those of the Center.

In August of 1991, Protas wrote to Alex Racolin, a fellow board member, asserting uncorroborated factual statements regarding royalties paid to Graham for the ballets, sets, costumes, and dance films. Contrary to Protas' assertion that "past history always had the Center paying Martha a separate royalty for the use of the ballets in a film," Michele Etienne testified credibly that during her employment with the defendants, no royalties had been paid to Graham.

In particular, Protas' statements to Racolin that the Center had no rights in the dance films, including the PBS film and the NHK film, were misleading. Board minutes for 1984 show that Protas actively participated in discussions regarding the Center's receipt of payment for at least one PBS film--there is no mention of any royalties paid to Graham. Protas had personal knowledge of fees and royalties earned by the Center in connection with its ownership of that film.

With respect to the NHK film, Protas stated to Racolin that "it is my understanding that Martha allowed the use of the choreography only for the Danish American Showing, and only for the showing of the Japanese Film in Japan." The Center's 1990 agreement with NHK, a Japanese television network, assured to the Center "all broadcast rights outside of Japan," and "the rights to perform" the two taped dance programs that were the subject of the agreement. Protas, as General Director, represented the Center in that agreement.

In his desire to undermine the Center's ownership of the works, sets, and costumes, Protas did not accurately inform the board of the underlying facts, expecting instead that the directors would simply accept his statements. In his letter to Racolin, Protas stated that:

> I realize now that I should have been clear about all of this. There is some background correspondence but I will have to do an all out search for it if it is really necessary. My feeling is that no one on the Board would object to an equitable arrangement. Of course one man's equity is another man's etc ...

Protas' assertions regarding ownership of the ballets, sets, and costumes were taken at face value by the defendants' board members who trusted him and believed that he was in the best position to know the facts.

A preponderance of the credible evidence shows that Protas also concealed from the Center that his attorneys had advised him to investigate what the "Estate actually owned and the status of the copyright registrations if any." Instead of investigating the nature and scope of his rights, Protas affirmatively represented to the Center's board that he "owned everything." In failing to undertake a thorough investigation regarding what he owned, concealing his uncertainty about Graham's copyright ownership at the time of her death, and affirmatively representing to the board that "he owned everything," Protas failed to exercise the "degree of diligence, care and skill" required of directors and officers of not-for-profit corporations.

"Moreover, it is well established that as fiduciaries, board members bear a duty of loyalty to the corporation and 'may not profit improperly at the expense of their corporation.' " *Scheuer*, 582 N.Y.S.2d at 665 (citations omitted). N-PCL § 715 provides that "if material facts as to [a] director's ... interest in [a] contract or transaction and as to any ... common directorship" are not "disclosed to in good faith or known to the board," a contract or transaction between a corporation and its director may be "avoided" unless the director can "establish affirmatively that the contract or transaction was fair and reasonable as to the corporation at the time it was authorized by the board, a committee or the members." The Center's copyrights in the dance films and the uncertainty regarding what the estate owned were facts that were "material" to Protas' interest in the license agreement with the Center, and were "material" to the interests of defendants.

Protas misrepresented to Racolin the extent of the Center's ownership rights in the dance films and failed to reveal to the board the uncertainty regarding his ownership of copyright in many of the dances. By representing to defendants that he "owned everything," Protas violated his duty of good faith and profited improperly at defendants' expense.

Constructive Trust

"[A] constructive trust is a formula through which the conscience of equity finds expression. When property has been acquired in such circumstances that the holder of the legal title may not in good conscience retain the beneficial interest, equity converts him into a trustee." *Simonds v. Simonds*, 45 N.Y.2d 233, 241, 408 N.Y.S.2d 359, 380 N.E.2d 189 (1978) (quoting *Beatty v. Guggenheim Exploration Co.*, 225 N.Y. 380, 386, 122

N.E. 378 (1919)). Thus, "a constructive trust will be erected whenever necessary to satisfy the demands of justice .... [I]ts applicability is limited only by the inventiveness of men who find new ways to enrich themselves unjustly by grasping what should not belong to them." *Id.* (citations omitted). The imposition of a constructive trust has been held to be an appropriate remedy for the diversion of a corporate opportunity. *See Poling Transp. Corp. v. A & P Tanker Corp.*, 84 A.D.2d 796, 443 N.Y.S.2d 895, 897 (2d Dep't 1981) ("If plaintiff can establish a diversion of corporate opportunity, the law will impress a constructive trust in favor of the corporation upon the property acquired.").

Under New York law, one who seeks to impose a constructive trust must establish the facts giving rise to that remedy by clear and convincing evidence. *Caballero v. Anselmo*, 759 F.Supp. 144, 147 (S.D.N.Y.1991); *Birnbaum v. Birnbaum*, 117 A.D.2d 409, 503 N.Y.S.2d 451, 455 (4th Dep't 1986). Four factors have been considered significant in determining whether equity should construct a trust: (1) the existence of a confidential or fiduciary relationship; (2) a promise express or implied; (3) a transfer in reliance on such a promise; and (4) unjust enrichment. *Crivaro v. Crivaro*, 743 N.Y.S.2d 513, 2002 WL 1180567 at *1 (2d Dep't 2002) (citing *Simonds v. Simonds*, 45 N.Y.2d 233, 408 N.Y.S.2d 359, 380 N.E.2d 189 (1978)). The New York Court of Appeals has, however, recognized that "[a]lthough the[se] factors are useful in many cases, constructive trust doctrine is not rigidly limited." *Simonds*, 45 N.Y.2d at 241, 408 N.Y.S.2d 359, 380 N.E.2d 189.

There is clear and convincing evidence that a constructive trust should be imposed in this case. Protas, a

longstanding fiduciary of the Center, "enriched [himself] unjustly by grasping" what did not belong to him. The defendants trusted him and relied on him to perform in good faith the high duty of loyalty of a fiduciary. Protas had a fiduciary duty not to appropriate to himself corporate opportunities that might belong to the defendants. *See Sharp v. Kosmalski*, 40 N.Y.2d 119, 122, 386 N.Y.S.2d 72, 351 N.E.2d 721 (1976) ("Even without an express promise, however, courts of equity have imposed a constructive trust upon property transferred in reliance upon a confidential relationship. In such a situation, a promise may be implied or inferred from the very transaction itself."); *Tordai v. Tordai*, 109 A.D.2d 996, 997, 486 N.Y.S.2d 802 (3d Dep't 1985).

Although plaintiff argues that damages are not recoverable without proof of proximate cause, under New York law, where "the remedy being sought is a restitutionary one to prevent the fiduciary's unjust enrichment as measured by his ill-gotten gain, the less stringent 'substantial factor' standard" is applicable. *Am. Fed. Group, Ltd. v. Rothenberg*, 136 F.3d 897, 908 n. 7 (2d Cir.1998); *LNC Inv., Inc. v. First Fidelity Bank*, 173 F.3d 454, 465 (2d Cir.1999). Defendants seek a constructive trust for the purpose of compelling Protas to disgorge his "ill-gotten gain." Protas' conduct was a "substantial factor" in diverting corporate opportunities away from the defendants. He licensed defendants' dances, sets and costumes to third parties while concealing from the defendants the uncertainty regarding what he owned, and representing that he owned everything.

Defendants seek to impose a constructive trust on $650,749, the proceeds of 26 license agreements that Protas

entered into with third parties between 1992 and 2000. With the exception of Maple Leaf Rag, most of the ballets licensed by Protas between 1992 and 2000 are either published works in which no party has established copyright ownership or works in the public domain. All of the costumes belong to the defendants, as do the pre-1957 Noguchi sets and all of the non-Noguchi sets.

Protas received license fees of $92,973 for property of the defendants: (1) $3,000 in costume royalties (1999 American Ballet Theatre agreement for Diversion of Angels); (2) $2,500 in costume royalties (1999 agreement with Ballet Teatro Argentino for Diversion of Angels); (3) $2,500 (1999 agreement with Ballet Teatro Argentino for Acts of Light); (4) $28,100 in license fees and ballet, costume and set royalties (1999 agreement with Ballet de Fundacao for Maple Leaf Rag); (5) $5,371[13] in costume royalties (1996 agreement with Ballet du Nord for Steps in the Street/Chronicle); (6) $2,000 in costume and set rental (1999 agreement with Boston Conservatory for Appalachian Spring); (7) $13,500 in costume and set rental fees and royalties (1998 agreement with Colorado ballet for Appalachian Spring); (8) $25,000 in ballet and costume royalties (1995 agreement with the Dutch National Ballet for a choice of 5 out of 10 ballets); (9) $2,000 in costume royalties (2000 agreement with Escola de Danca do Conveservatorio Nacional for Diversion of Angels); (10) $2 in costume royalties (1998 agreement with Hartford Ballet for Acts of Light, Diversion of Angels and Lamentation); (11) $6,000 for sets and

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[13] This amount was calculated by converting French francs to U.S. dollars by using the average exchange rate for 1996, i.e., 5.12 francs per dollar. *See* Federal Reserve Statistical Release G.5A-January 7, 1997, http://www.federalreserve.gov/releases/g5a/ 19970107.

costumes (1999 agreement with Joffrey Ballet of Chicago for Appalachian Spring); and (12) $3,000 (2000 agreement with The Repertory Dance Theatre for Diversion of Angels). The sum of those fees is $92,973.

Defendants rely on a draft inventory of items listed for sale to the Library of Congress in seeking a constructive trust on the proceeds of that sale. The draft inventory is appended to a letter from Howell Begle, Protas' lawyer to the Library of Congress. The letter, which was copied to Protas, is dated March 27, 1998, a date that is very close to April 13, 1998, the date on which Protas executed the final agreement.

The Library of Congress appraisal clearly shows that Protas sold the defendants' files and two boxes of the defendants' business and financial records for $85,000 and $2,000 respectively. This money belongs to defendants. Defendants have not shown that any of the other items listed in the appraisal belonged to them.

The total proceeds from Protas' licensing and sale of defendants' property amount to $179,973. Defendants have not traced that amount to Protas' bank account. "It is hornbook law that before a constructive trust may be imposed, a claimant to a wrongdoer's property must trace his own property into a product in the hands of the wrongdoer." *United States v. Benitez*, 779 F.2d 135, 140 (2d Cir.1985). "In cases where the alleged res is money on deposit with a bank, the res must be traced to a specific account." *The Chase Manhattan Bank, N.A. v. Traditional Inv. Corp.*, 1995 WL 72410 at *3 (S.D.N.Y.1995) (citing *In re: Drexel Burnham Lambert Group, Inc.*, 142 B.R. 633, 636 (S.D.N.Y.1992)). Nonetheless, the New York Court

of Appeals in *Rogers v. Rogers*, 63 N.Y.2d 582, 483 N.Y.S.2d 976, 473 N.E.2d 226 (1984) held that "[i]n general, it is necessary to trace one's equitable interest to identifiable property in the hands of the purported constructive trustee. But in view of equity's goal of softening where appropriate the harsh consequences of legal formalisms, in limited situations the tracing requirement may be relaxed." *Id.* at 586, 483 N.Y.S.2d 976, 473 N.E.2d 226 (internal citations omitted). *See also Simonds*, 408 N.Y.S.2d at 362, 380 N.E.2d 189 ("inability to trace plaintiff's equitable rights precisely should not require that they not be recognized"). The equities in this case support relaxing the tracing requirement in favor of defendants.

Under New York law, a party prevailing on a claim of breach of fiduciary duty is entitled to prejudgment interest. *Gibbs v. Breed, Abbott & Morgan*, 181 Misc.2d 346, 693 N.Y.S.2d 426 (Sup.Ct.N.Y.Cty. 1999), *rev'd on other grounds*, 279 A.D.2d 887, 720 N.Y.S.2d 578 (1st Dep't 2001); *see generally*, N.Y.C.P.L.R. 5001(a) ("Interest shall be recovered upon a sum awarded because of ... an act or omission depriving or otherwise interfering with title to, or possession or enjoyment of property ...."). Defendants are entitled to prejudgment interest at nine percent per annum on $92,973 and $87,000 of proceeds from the licensing of their property and from the sale of their property to the Library of Congress respectively. *See* N.Y.C.P.L.R. 5004 ("Interest shall be at the rate of nine per centum per annum, except where otherwise provided by statute."). Since most of the license agreements at issue were executed in 1999, January 1, 1999 is a "reasonable intermediate date" from which nine percent interest on $92,973 may be calculated. *See* N.Y.C.P.L.R. 5001(b). Prejudgment interest on $87,000 worth of defendants' property sold to the Library of

Congress may be calculated from September 1, 1998, the date of purchase.

Defendants also seek to impose a constructive trust on $235,000 which they paid to Protas in connection with the 1999 license agreement. According to the agreement, this money was repayment for a debt owed to Protas by the Center. Although defendants counterclaim for that money and argue about its purpose, there was no evidence at trial concerning the nature of the debt. Next, defendants counterclaim for sums borrowed by Protas from the Center on three occasions. There is no evidence that those loans were not repaid. Defendants also seek to recover all of the compensation they paid to Protas during the period of his self-dealing disloyalty. At oral argument, defendants stated that this was a discretionary remedy. Breach of fiduciary duty is an equitable claim, and the extreme remedy of forfeiture of salary is not appropriate in this case. *Cf.* *Aramony v. United Way of America*, 28 F.Supp.2d 147 (S.D.N.Y.1998).

Finally, defendants assert counterclaims of fraud and negligent misrepresentation against Protas. The measure of damages for misrepresentation is out-of-pocket loss. *See* *Lama Holding Co. v. Smith Barney, Inc.*, 88 N.Y.2d 413, 646 N.Y.S.2d 76, 668 N.E.2d 1370 (1996). There is no evidence of out-of-pocket loss incurred by defendants.

CONCLUSION

For the foregoing reasons, plaintiff is entitled to a declaration of ownership for the renewal term of copyright in Seraphic Dialogue. Defendants are entitled to a declaration of ownership of copyright in the following 45 dances: Tanagra,

Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul is a Circus, El Penitente, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Eye of Anguish, Ardent Song, Embattled Garden, Episodes: Part I, Acrobats of God, Phaedra, Secular Games, Legend of Judith, The Witch of Endor, Part Real-Part Dream, Cortege of Eagles, Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, O Thou Desire Who Art About to Sing, Shadows, The Owl and the Pussycat, Ecuatorial, Frescoes, Judith (created in 1980), Andromache's Lament, Phaedra's Dream, Song, Tangled Night, Persephone, Maple Leaf Rag, and The Eyes of the Goddess. *See Summary Table.*

Neither side has established ownership of copyright in 24 dances. *See id.* Of those 24 dances, ten works, two of which were commissioned, are in the public domain: Flute of Krishna, Heretic, Lamentation, Celebration, Frontier, Panorama, Chronicle/Steps in the Street, American Document, Appalachian Spring, and Night Journey. Five of the 24 dances are commissioned works: Herodiade, Dark Meadow, Cave of the Heart, Judith (created in 1950), and Canticle for Innocent Comedians. The remaining nine dances have been published, but neither side has shown whether any of those dances were published with adequate notice of copyright. Those nine dances are: Errand into the Maze, Diversion of Angels, Clytemnestra, Circe, Adorations, Acts of Light, The Rite of Spring, Temptations of The Moon, and Night Chant.

Defendants are entitled to a declaration of ownership of the original Noguchi sets and jewelry accompanying the ballets

APPENDIX C
[Order and Opinion of The USDC,
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created by Graham prior to January 15, 1957. Neither side is entitled to a declaration of ownership with respect to the original Noguchi sets and jewelry accompanying ballets created after January 15, 1957. Defendants are entitled to a declaration of ownership of all of the remaining sets and costumes for the dances. Plaintiff is directed to return to the defendants the costumes and artworks identified by the defendants as in his possession.

Finally, defendants are entitled to a constructive trust to recover $92,973 of proceeds from plaintiff's licensing of their property plus prejudgment interest on that amount at nine percent per annum computed from January 1, 1999. They are also entitled to a constructive trust to recover from plaintiff $87,000 of proceeds from the sale of their property to the Library of Congress plus prejudgment interest on that amount computed from September 1, 1998. Settle judgment on three days' notice.

SO ORDERED.

Dated: New York, New York
August 23, 2002

Miriam Goldman Cedarbaum
United States District Judge

Appendix D - Order and Opinion of The United States District Court, Southern District of New York [Pages 141a -143a]

United States District Court, S.D. New York.
THE MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and Ronald A. Protas, individually and as Trustee of the Martha Graham Trust
Plaintiffs,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and MARTHA GRAHAM SCHOOL OF CONTEMPORARY DANCE, INC. Defendants,
Eliot SPITZER, Attorney General of the State of New York,
Intervenor-Defendant.
No. 01 CIV. 271(MGC).

Sept. 13, 2002.

MEMORANDUM OPINION

CEDARBAUM, J.

Defendants have filed a motion labeled "motion for clarification" which is in the nature of a motion for reargument. Defendants have not, as required by Local Civil Rule 6.3, demonstrated that the Court overlooked "matters or controlling decisions" that, had they been considered, would have required a different result. Indeed, defendants have not explained how or why the matters they request the court to consider have not previously been argued. Accordingly, defendants' motion is denied.

Counsel are directed to submit a proposed judgment by September 18, 2002.

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SO ORDERED.

Dated: New York, New York
September 13, 2002

Miriam Goldman Cedarbaum
United States District Judge

Appendix E - Memorandum of Order of The United States District Court, Southern District of New York [Pages 143a - 144a]

United States District Court,
S.D. New York.
THE MARTHA GRAHAM SCHOOL and Dance Foundation, Inc. and Ronald A. Protas, individually and as Trustee of the Martha Graham Trust
Plaintiffs-Counterclaim Defendants,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and Martha Graham School of Contemporary Dance, Inc.
Defendants Counterclaim Plaintiffs,
v.
Eliot SPITZER, Attorney General of the State of New York,
Intervenor-Defendant.
No. 01 Civ. 271(MGC).

Jan. 30, 2003.

MEMORANDUM OF ORDER

CEDARBAUM, J.

Defendants-Counterclaim Plaintiffs move for attorney's fees and expenses incurred during the copyright portion of this case. Under the American rule, each party normally bears its own attorney's fees and expenses. Defendants-Counterclaim Plaintiffs seek attorney's fees and expenses under Section 505 of the Copyright Act, 17 U.S.C. § 505, arguing that they were "deceived and misled" by Plaintiff-Counterclaim Defendant Protas, and that Protas' case was "built on suspicious evidence".

SUMMARY TABLE: COPYRIGHT OWNERSHIP IN 70 DANCES CHOREOGRAPHED BY GRAHAM THAT EXIST IN FIXED FORM

Dance	Created	First Published	Plaintiff's Copyright	Defendants' Copyright	Neither
Flute of Krishna (ex. Three Gopi Maidens)	19__	1923			✔
Tanagra (from Trois Gnoissiennes) (ex. Gnossiennes, Frieze)	1926			✔	
Three Gopi Maidens (ex. Flute of Krishna)	1926			✔	
Heretic	1929	1930			✔
Lamentation	1930	1930			✔
Harlequinade	1930			✔	
Primitive Mysteries (Hymn to the Virgin/Crucifixus/Hosanna)	1931			✔	
Serenade	1931			✔	
Satyric Festival Song (from Dance Songs) (ex. Ceremonial, Morning Song, Song, Song of Rapture)	1932			✔	
Celebration	1934	1934			✔
Dream (from Dance in Four Parts) (ex. Quest, Derision, Sportive Tragedy)	1934			✔	
Saraband (from Transitions) (ex. Prologue, Pantomime, Epilogue)	1934			✔	
Frontier (from Perspectives) (ex. Marching Song)	1935	1935			✔
Panorama (Theme of Dedication/ Imperial Theme/ Popular Theme)	1935	1935			✔
Imperial Gesture	1935			✔	

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Dance	Created	First Published	Plaintiff's Copyright	Defendants' Copyright	Neither
Chronicle/Steps in the Street	1936	1936			✔
Deep Song	1937			✔	
American Document	1938	1938			✔
Every Soul is a Circus	1939			✔	
El Penitente	1940	1991		✔	
Letter to the World	1941			✔	
Punch and the Judy	1941			✔	
Salem Shore	1943			✔	
Deaths and Entrances	1943			✔	
Herodiade	1944	1991			✔
Appalachian Spring	1944	1959			✔
Dark Meadow	1946				✔
Cave of the Heart	1946	1976			✔
Errand into the Maze	1947	1984			✔
Night Journey	1947	1960			✔
Diversion of Angels	1948	1976			✔
Eye of Anguish	1950			✔	
Judith	1950				✔
Canticle for Innocent Comedians	1952				✔
Ardent Song	1954			✔	

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[Order and Opinion of The USDC, Southern District of New York]

Dance	Created	First Published	Plaintiff's Copyright	Defendants' Copyright	Neither
Seraphic Dialogue	1955	1969	✓ (renewal)		
Clytemnestra	1958	1979			✓
Embattled Garden	1958			✓	
Episodes: Part I	1959			✓	
Acrobats of God	1960	1969		✓	
Phaedra	1962			✓	
Secular Games	1962			✓	
Legend of Judith	1962			✓	
Circe	1963	Before 1993			✓
The Witch of Endor	1965			✓	
Part Real-Part Dream	1965			✓	
Cortege of Eagles	1967	1969		✓	
Plain of Prayer	1968			✓	
Mendicants of Evening	1973			✓	
Jacob's Ladder	1974			✓	
Lucifer	1975			✓	
The Scarlet Letter	1975			✓	
Adorations (Classical Guitar)	1975	1976			✓
O Thou Desire Who Art About to Sing	1977			✓	

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Dance	Created	First Published	Plaintiff's Copyright	Defendants' Copyright	Neither
Shadows	1977			✔	
The Owl and the Pussycat	1978			✔	
Ecuatorial	1978			✔	
Frescoes	1978			✔	
Judith	1980			✔	
Acts of Light	1981	1984			✔
Andromache's Lament	1982			✔	
Phaedra's Dream	1983			✔	
The Rite of Spring	1984	Before 1993			✔
Song (Song of Songs)	1985			✔	
Temptations of the Moon	1986	Before 1993			✔
Tangled Night	1986			✔	
Persephone	1987			✔	
Night Chant	1988	Before 1993			✔
Maple Leaf Rag	1990	1991		✔	
The Eyes of the Goddess	1991			✔	
	Total=70	Total=26	Total = 1	Total=43	Total = 34

APPENDIX E
[Memorandum of Order of The USDC,
Southern District of New York]

Although Plaintiffs-Counterclaim Defendants were largely unsuccessful, and I found Protas not to be a credible witness, the claims asserted in this action were not objectively unreasonable or in such bad faith as to warrant the imposition of attorney's fees and expenses. *See* Matthew Bender & Co., Inc. v. West Publishing Co., 240 F.3d 116 (2d Cir.2001).

Therefore, Defendants-Counterclaim Plaintiffs' motion is denied except that taxable costs as assessed by the Clerk are granted to Defendants Counterclaim Plaintiffs. *See* 28 U.S.C. § 1920.

SO ORDERED.

Dated: New York, New York
January 29, 2003

Miriam Goldman Cedarbaum
United States District Judge

Appendix F - Opinion of The United States Court of Appeals, Second Circuit [Pages 145a - 192a]

United States Court of Appeals,
Second Circuit.
MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC., Plaintiff-Counterclaim-Defendant-Appellant,
Ronald Protas, individually and as Trustee of the Martha Graham Trust,
Plaintiff-Counterclaim-Defendant-Appellant,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC., and Martha Graham School of Contemporary Dance, Inc.,
Defendants-Counter-Claimants-Appellees,
Eliot L. Spitzer, Attorney General of the State of New York,
Intervenor-Defendant-Appellee.
Docket Nos. 02-9451(L), 03-7020(CON).

Argued: Jan. 29, 2004.
Decided: Aug. 18, 2004.

Before: NEWMAN, KEARSE, and POOLER, Circuit Judges.

JON O. NEWMAN, Circuit Judge.

This appeal raises several copyright and contract issues relating primarily to dances choreographed by the late Martha Graham, widely regarded as the founder of modern dance. The primary issue is whether the work-for-hire doctrine applies to works created by the principal employee of a corporation that was, in the Appellants' view, "created to serve the creative

endeavors of an artistic genius." Br. for Appellants at 20. This and other issues arise on an appeal by Ronald Protas and The Martha Graham School and Dance Foundation, Inc. (collectively "Plaintiffs" or "Appellants") from the November 4, 2002, judgment of the District Court for the Southern District of New York (Miriam Goldman Cedarbaum, District Judge). The Court's principal ruling was that copyrights in most of the 70 dances in dispute belong to Defendants-Appellees Martha Graham Center of Contemporary Dance, Inc. ("the Center") and Martha Graham School of Contemporary Dance, Inc. ("the School") and that the copyright in only one dance belongs to Protas, who is Graham's sole beneficiary under her will.

On the primary issue, we agree with the District Court that the work-for-hire doctrine was properly applied to dances created after 1966. On certain other aspects of the Court's judgment we conclude that a partial reversal or remand is required. We therefore affirm in part, reverse in part, vacate in part, and remand.

Background

Although Martha Graham had the myth of Ariadne[1] in mind when she selected *Errand into the Maze* as the title for the dance that she created in 1947, that title is appropriate for the

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[1] Ariadne gave Theseus a ball of thread and instructed him to unravel it as he entered the labyrinth that housed the Minotaur so that Theseus could find his way out after he had slain the Minotaur. The earliest account of this classic Greek myth is from Pherecydes, writing in the fifth century B.C. *See* Timothy Gantz, *Early Greek Myth: A Guide to Literary and Artistic Sources* 264 (1993). Graham looked to Greek mythology for many of her dance titles, *e.g.*, *Andromache*, *Circe*, and *Persephone*.

task this litigation presented to the District Court and now presents to this Court. The critical events span sixty-five years, many of the pertinent facts are obscured by inadequate record-keeping, and the copyright issues require consideration of several provisions of both the 1909 and 1976 Copyright Acts, *see* 1909 Copyright Act ("1909 Act"), 17 U.S.C. § 1 *et seq.* (1976) (repealed effective 1978), *reprinted at* 8 *Nimmer on Copyright* ("*Nimmer*") app. 6; Copyright Act of 1976 ("1976 Act"), 17 U.S.C. § 101 *et seq.* (2000), and other statutes.

The District Court's meticulous opinions detail the facts underlying this complex dispute. *See Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.*, 153 F.Supp.2d 512, 514-19 (S.D.N.Y.2001) ("*Graham I*"), *aff'd*, 43 Fed.Appx. 408 (2d Cir.2002); *Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance, Inc.* ("*Graham II*"), 224 F.Supp.2d 567, 570-82 (S.D.N.Y.2002). We recount some of the background, but refer the reader to Judge Cedarbaum's opinions.

The Center and the School. Martha Graham's celebrated career as a dancer, dance instructor, and dance choreographer began in the first third of the twentieth century. In the 1920s, she started a dance company and a dance school, running them as sole proprietorships, and choreographed works for commissions. Graham was very successful, but by the 1940s, for tax reasons and because she wanted to extricate herself from funding and legal matters, she began relying on non-profit corporations, which she led, to support her work.

APPENDIX F
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Eventually, Graham completed her work exclusively through two corporations--the Center and the School. The Center was incorporated in 1948. Initially known as the Martha Graham Foundation for Contemporary Dance, Inc., the corporation was renamed the Martha Graham Center of Contemporary Dance, Inc. in 1968. Graham operated her school as a sole proprietorship until 1956 when she sold it to the Martha Graham School of Contemporary Dance, Inc., which was incorporated in that year. The District Court treated the Center and the School as a single entity for purposes of determining copyright ownership.[2] *See* Graham II, 224 F.Supp.2d at 587-92.

Protas. Around 1967, Graham, then in her 70s, became acquainted with Ronald Protas, then a 26-year-old freelance photographer. Protas and Graham became friends, and although Protas had no previous dance background, Graham increasingly trusted him to represent her in both personal and professional matters. Graham installed him as the Center's General Director.

In her last will, signed in 1989, two years before her death, Graham named Protas her executor and, significant to this case, bequeathed to him, in addition to her personal property, her residuary estate, including any rights or interests in "dance works, musical scores, scenery sets, [Graham's] personal papers

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[2] The Court had ample justification for doing so. The Center and the School were largely operated as if they were one. By 1980, the Center acted as an umbrella organization encompassing the School. The same individuals served on both the Center's and the School's Board of Trustees, and the two corporations filed combined financial statements.

and the use of [Graham's] name."[3] The will did not identify what these interests might be.

Protas's Trust. After Graham's death in 1991, Protas became Artistic Director of the Center. In 1992, Protas's lawyers suggested that he ascertain what items of intellectual property had passed to him under Graham's will. He did not do so, but nevertheless asserted ownership of copyrights in all of Graham's dances and of all the sets and properties at issue on this appeal. In 1998, he placed the copyrights in the Martha Graham Trust ("the Trust"), a revocable trust that he had created and of which he was trustee and sole beneficiary.

During the 1990s, the Trust licensed many of the dances and sets to various licensees. In 1993, Protas assigned to the Center 40 percent of what he claimed was his 100 percent interest in the Noguchi sculpture "Herodiade." In 1998, Protas arranged for the Trust to sell numerous properties--books,

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[3] The residuary clause stated:

> The residue ... of all of my property, real and personal, of every kind and description and wherever situated, including all property over which I may have power of appointment at the time of my death ... I give, devise and bequeath to my said friend, Ron Protas, if he shall survive me, or, if he shall not survive me, to the Martha Graham Center of Contemporary Dance, Inc.
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> In connection with any rights or interests in any dance works, musical scores, scenery sets, my personal papers and the use of my name, which may pass to my said friend Ron Protas under this Article IV, I request, but do not enjoin, that he consult with my friends, Linda Hodes, Diane Gray, Halston, Ted Michaelson, Alex Racolin and Lee Traub, regarding the use of such rights or interests.

musical scores, films and tapes of performances and rehearsals of dances, and business and personnel files relating to Graham's work--to the Library of Congress for $500,000.

Although the rest of the Center's Board of Trustees apparently accepted without question Protas's representations with respect to his rights to Graham's properties, donors pressured the Center to remove Protas from its helm. In 1999, the Trust entered into a licensing agreement with the Center, an implicit term of which was Protas's resignation as the Center's Artistic Director. The Trust agreed to give the Center an exclusive license to teach the Martha Graham technique, and a non-exclusive license to present live performances of Graham's dances; to use sets, costumes, and properties; to use Graham's images; and to use the Martha Graham trademark. The Center agreed to give the Trust power to approve the selection of a new Artistic Director. The Center also agreed to keep Protas on the Board, pay him a salary of $55,000 to $72,000 for ten years, and give him prominent billing as Artistic Consultant.

In 2000, when Protas and the Center failed to find a mutually agreeable replacement, the Board voted to remove Protas as Artistic Director. Shortly thereafter, due to severe financial difficulties, the Board voted to suspend operations. Meanwhile, Protas, acting through the Trust, founded the Martha Graham School and Dance Foundation ("S&D Foundation"), originally named The Night Journey Foundation, a not-for-profit corporation.

Copyright registration certificates. Between 2000 and 2001, Protas obtained certificates of registration for 30 of Graham's dances as unpublished works. By agreement with the

Trust, the S & D Foundation became the exclusive licensee in the United States for live performance of virtually all of Graham's dances and use of the Martha Graham trademarks. During the same time period, the Center also obtained certificates of registration for initial and renewal terms for some of Graham's dances.

The pending lawsuit. In 2001, after receiving substantial funding, the Center and the School reopened. Protas then initiated this lawsuit to enjoin the Center and the School from using the Martha Graham trademark, teaching the Martha Graham Technique, and performing 70 of Graham's dances. These 70 dances, with the dates of their creation, are listed in the Appendix.[4] The Plaintiffs sought a judgment under 28 U.S.C. § 2201(a) declaring that none of these dances was in the public domain, that the Trust owned all rights in these dances, that the S & D Foundation was the current and authorized licensee of such rights, and that any unauthorized use of these dances would constitute willful copyright infringement. The Plaintiffs also sought a judgment declaring Protas to be the sole owner of the sets and jewelry associated with the dances.

The Defendants asserted ownership of the disputed copyrights. They argued that the dances, sets, and costumes at issue belonged to the Center either by virtue of the work-for-hire doctrine or Graham's assignments. As such, the Defendants contended, they were not in Graham's residuary estate, and Protas did not inherit them. The Center's position was supported

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[4] The Appendix lists 71 dances, the 70 dances listed by the Plaintiffs plus *Duets*, a dance within *Frescoes*. *Duets* requires separate consideration. *See* [p. 645], *infra*.

by Intervenor-Defendant Eliot Spitzer, Attorney General of the State of New York.

District Court's decision. In a thorough opinion after a bench trial that considered issues concerning the dance copyrights and ownership of theatrical properties (sets, costumes, and jewelry), the District Court found largely in favor of the Defendants.[5] The Court concluded that the 34 dances that Graham had created during the years she was employed by the School or the Center (1956-1991) were works for hire, and that Graham had assigned to the Center many of the dances that were not works for hire. *See* Graham II, 224 F.Supp.2d at 587-93, 597.

The Court ruled that licensee estoppel did not preclude the Defendants from obtaining relief. Graham I, 153 F.Supp.2d at 519. Even if the 1999 licensing agreement between the Trust and the Center were still in force, which the parties agreed was not the case, the agreement referred to the licensed works only by their listing on an addendum that had not been submitted into evidence and had not even been shown to exist. Thus, the provision of the agreement purporting to license dances from the Trust to the Center had never taken effect. *See* Graham II, 224 F.Supp.2d at 583. The Court also found that many of the certificates of registration obtained by both the Plaintiffs and the Defendants did not constitute *prima facie* evidence of copyright ownership because they were based--sometimes by deliberate misrepresentation-- on the incorrect premise that the works were

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[5] The District Court's decision with respect to the trademark issues is set forth in *Graham I*.

unpublished, and because there were competing certificates. *Id.* at 584-87.

In the end, the Court found that Protas was entitled to a declaration of ownership of only the renewal term of copyright in a single dance, *Seraphic Dialogue*. The Defendants were entitled to a declaration of ownership of copyright in 45 dances. Of these, eighteen, listed in the margin,[6] belonged to the Center by assignment. The other 27 belonged to the Center because they were works for hire, "authored" by the Center for purposes of copyright proprietorship. Sixteen of these, listed in the margin,[7] were works for hire under the 1909 Act, and eleven of these, listed in the margin,[8] were works for hire under the 1976 Act. *Id.* at 612-15.

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[6] Tanagra, Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul Is a Circus, El Penitente, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Eye of Anguish, and Ardent Song.

[7] Embattled Garden, Episodes: Part I, Acrobats of God, Phaedra, Secular Games, Legend of Judith, The Witch of Endor, Part Real-Part Dream, Cortege of Eagles, Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, O Thou Desire Who Art About to Sing, and Shadows.

[8] The Owl and the Pussycat, Ecuatorial, Frescoes, Judith (II), Andromache's Lament, Phaedra's Dream, Song, Tangled Night, Persephone, Maple Leaf Rag, and The Eyes of the Goddess.

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The Court found that ten dances, listed in the margin,[9] were in the public domain for lack of timely renewal, five, listed in the margin,[10] belonged to commissioning parties who were not parties in this action, and ownership of copyrights in nine of the dances, listed in the margin,[11] had not been established.[12] *Id.* The Court also found that the Defendants were entitled to a declaration of ownership of the original Noguchi sets and jewelry for dances created by Graham prior to January 15, 1957, and all non-Noguchi sets and costumes, and ordered the Plaintiffs to return these items. *Id.* at 604-06, 613. Finally, the Court imposed a constructive trust on the proceeds that the Trust had collected from licensing and selling intellectual property created by Graham. *Id.* at 613.

The Plaintiffs' appeal contends that the declaratory judgment and the constructive trust rulings are erroneous because (1) none of the works is a work for hire, and (2) the District Court erred in finding that certain works were

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[9] Flute of Krishna, Heretic, Lamentation, Celebration, Frontier, Panorama, Chronicle/Steps in the Street, American Document, Appalachian Spring, and Night Journey

[10] Herodiade, Dark Meadow, Cave of the Heart, Judith (I), and Canticle for Innocent Comedians.

[11] Errand into the Maze, Diversion of Angels, Clytemnestra, Circe, Adorations, Acts of Light, The Rite of Spring, Temptations of the Moon, and Night Chant.

[12] The District Court found that neither side had shown whether these dances were published with the requisite statutory notice. *Graham II*, 224 F.Supp.2d at 594, 603, 613.

published. Further, the Plaintiffs argue that the District Court erred in finding that (3) the Defendants owned the sets and properties and that (4) Protas breached his fiduciary duty to the Defendants.

Discussion

I. Overview of copyright law

Because the disposition of Graham's dances involves multiple aspects of copyright law that have evolved significantly over time, we begin with a brief overview of relevant copyright principles.

Protection for works of choreography. Explicit federal copyright protection for choreography was not provided until the 1976 Act included "choreographic works" among the categories of works eligible for protection. *See* 17 U.S.C. § 102(a)(4); *Horgan v. Macmillan, Inc.*, 789 F.2d 157, 160 (2d Cir.1986). Under the 1909 Act, choreography could be registered, pursuant to regulations, as a species of "dramatic composition." *Id.* (internal quotations marks omitted). Like other creative works, dances are available for statutory copyright if "fixed in any tangible medium of expression." 17 U.S.C. § 102(a). In this case, the parties do not dispute that all of the 70 dances are eligible for statutory copyright, presumably because they have been filmed or videotaped.[13]

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[13] Another way of "fixing" choreography is through use of a written system of notation. *See Horgan*, 789 F.2d at 160 n. 3.

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1909 Act protection. Under the 1909 Act, applicable to works created before January 1, 1978, *see* 17 U.S.C. § 301(b)(2), state common law copyright provided protection until first publication, and thereafter the work was entitled to an initial 28-year term of statutory copyright, provided that adequate statutory notice was given at publication,[14] or appropriate registration and deposit were made, 17 U.S.C. §§ 2, 10, 12, 19, 21, 24 (repealed); *see Shoptalk, Ltd. v. Concorde-New Horizons Corp.*, 168 F.3d 586, 590 (2d Cir.1999). In the absence of adequate statutory notice at publication, the work was injected into the public domain. *See id.* If adequate statutory notice was given, then application for renewal made during the last year of the initial term would extend the copyright for a renewal term of 28 additional years. 17 U.S.C. § 24 (repealed).

1976 Act protection. Under the 1976 Act, works that were created on or after January 1, 1978, acquired statutory copyright upon creation. *See* 17 U.S.C. § 302(a). The 1976 Act extended this same protection to works that had been created

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[14] The 1976 Act introduced different rules regarding statutory notice, effective on January 1, 1978. With respect to copies published prior to the Berne Convention Implementation Act of 1988 ("BCIA"), Pub.L. No. 100-568, 102 Stat. 2853, § 7 (1988) (effective March 1, 1989), omissions in statutory notice may be cured if "registration for the work has been made before or is made within five years after the publication without notice, and a reasonable effort is made to add notice to all copies ... that are distributed to the public in the United States after the omission has been discovered." 17 U.S.C. § 405(a)(2). Because the BCIA is prospective, all works (whether created before or after January 1, 1978) published between January 1, 1978, and March 1, 1989, were injected into the public domain unless statutory notice was made within five years of publication. All works published after March 1, 1989, do not require statutory notice. *See* 2 *Nimmer* § 7.02[C][2].

before January 1, 1978, but were neither in the public domain nor copyrighted as of that date. *See* id. § 303(a).

The 1976 Act created a unitary term for works created after January 1, 1978, and works that were unpublished and unregistered on January 1, 1978. *See* 3 *Nimmer* § 9.05[A][2]. For works that were either in their initial or renewal term on January 1, 1978, the 1976 Act extended the renewal period by nineteen years, but still required timely renewal. *See* 17 U.S.C. § 304, historical and statutory notes (H.R. Rep. 94-1476 (1976)).

Timely renewal was no longer a requirement for renewal terms that began after 1992 (works whose statutory copyright began in 1964 or later), although notice of renewal provided procedural benefits. *See* 2 *Nimmer* § 7.02[C][3]. The Copyright Renewal Act of 1992 ("1992 Renewal Act"), Pub. L. No. 102-307, §§ 101-02, 106 Stat. 264 (codified at 17 U.S.C. § 304(a)-(b)), prospectively eliminated the requirement of timely renewal. *See* 3 *Nimmer* § 9.05[A][2].

The copyright terms of both individually authored works and works for hire in their initial 28-year term on January 1, 1978 (*i.e.*, works that first received statutory copyright between January 1, 1964[15] and December 31, 1977), are automatically renewed for 67 years after the initial 28-year term ends. *See* 17 U.S.C. § 304(a).

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[15] The 1992 Renewal Act does not apply to works whose initial term began prior to 1964, because it applies only prospectively; 28 years before 1992 was 1964. *See* 3 *Nimmer* § 9.05[A][2].

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For copyrights that were in their initial or renewal term on October 27, 1998, the Sonny Bono Copyright Term Extension Act extended the renewal term for another twenty years. Pub. L. No. 105-298, § 102, 112 Stat. 2827 (1998) (codified at 17 U.S.C. §§ 301, 302, 303, 304).

Works for hire. Especially pertinent to this appeal are the principles applicable to works for hire. Like all works, those created before January 1, 1978, are subject to the 1909 Act, and those created on or after January 1, 1978, are subject to the 1976 Act. *See Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 553 (2d Cir.1995). With respect to both statutes, the applicable principles operate as default rules, determining who owns the copyright in the event that a contract does not specify ownership.

The 1909 Act provides no definition of "work made for hire," but it states the consequence of that designation. "[T]he word 'author' shall include an employer in the case of works made for hire." 17 U.S.C. § 26 (repealed). Thus, with respect to works for hire, the employer is legally regarded as the "author," as distinguished from the creator of the work, whom Learned Hand referred to as "the 'author' in the colloquial sense." *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir.1941).

If a work is a work for hire under the 1909 Act, the employer as statutory "author" owns the original term, and the renewal term vests in the employer if the employer makes an

application for renewal within the last year of the original term.[16] *See* 17 U.S.C. § 24 (repealed).

In determining whether a work is a work for hire under the 1909 Act, we have generally applied the "instance and expense"test.[17] The copyright belongs to the person at

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[16] Under the 1976 Act, in the absence of a renewal application by the employer for a work for hire, renewal vests in "the person or entity that was the proprietor of the copyright as of the last day of the original term of the copyright." 17 U.S.C. § 304(a)(2)(A)(ii).

[17] As far as we have been able to determine, the phrase "instance and expense" first entered the lexicon of copyright jurisprudence in *Hanson v. Jaccard Jewelry Co.*, 32 F. 202, 202 (C.C.E.D. Mo.1887), and was first used in an operative sense in a provision of a draft bill prepared in October 1905 by Thorvald Solberg, then the Register of Copyrights. The provision would have provided a 50-year term for "a composite or collective work, such as an encyclopedia, a 'library,' or 'series' produced at the instance and expense of a publisher ...." Library of Congress, *Memorandum Draft of a Bill to Amend and Consolidate the Acts Respecting Copyright,* Copyright Office Bulletin No. 10 (1905). Solberg's next draft bill, ultimately introduced as S. 6330, H.R. 19853, 59th Cong., 1st Sess. (1906), omitted the phrase, referring more generally to "any composite or collective work."

The next use of the phrase we have located appears in the 1964 edition of Prof. Nimmer's treatise. Although the loose-leaf page from that edition has not been located, our Court provided this summary in 1966:

> Professor Nimmer, in his treatise on copyright law, states that there is a presumption in the absence of an express contractual reservation to the contrary, that the copyright shall be in the person at whose instance and expense the work is done. Nimmer on Copyright 238 (1964).

Brattleboro Publishing Co. v. Winmill Publishing Corp., 369 F.2d 565, 567

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(2d Cir.1966).

The previous year, 1965, the phrase first appeared in a reported appellate opinion:

> [W]e believe that when one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done.

Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir.1965).

Lin-Brook applied the phrase to determine that the party commissioning a work by an independent contractor was entitled to the copyright, although the Ninth Circuit stated, without explanation or citation of authority, that the test applied whether the work was created by an independent contractor or an employee. As authority for its use of the phrase, the Ninth Circuit cited our opinion in *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28 (2d Cir.1939), and two district court opinions, *Grant v. Kellogg Co.*, 58 F.Supp. 48 (S.D.N.Y.1944) and *Dielman v. White*, 102 F. 892 (C.C.D.Mass.1900). None of these opinions used the phrase "instance and expense." *Yardley* ruled that a painting was a work for hire where a school board had selected an artist and paid him for the commissioned work. *Grant* and *Dielman* also involved commissioned works.

A year after *Lin-Brook*, our Court also stated that the "instance and expense" test applied to determine work-for-hire status whether the creator of the work was an independent contractor or an employee, although the case involved only an independent contractor. *Brattleboro*, 369 F.2d at 567- 68 (citing *Nimmer on Copyright* 238, 244 (1964)). Although Prof. Nimmer was referring to the test for determining when copyright in the work of an independent contractor belonged to the commissioning party, *Brattleboro* appeared to generalize the test to apply to all work-for-hire situations. Indeed, *Brattleboro* reversed the initial application of the phrase by starting from the premise that the "instance and expense" test applies to the work of an employee and then applying the test to the work of an independent contractor.

whose "instance and expense" the work was created. *See Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 567 (2d Cir.1966). *Brattleboro* expressed the view that the "instance and expense" test determined work-for-hire status, whether the work was created by a traditional employee or an independent contractor.[18] *See id.* at 568.

A work is made at the hiring party's "instance and expense" when the employer induces the creation of the work and has the right to direct and supervise the manner in which the work is carried out. *See Playboy*, 53 F.3d at 554; *Brattleboro*, 369 F.2d at 568. The *right* to direct and supervise the manner in which work is created need never be exercised. *See Scherr v. Universal Match Corp.*, 417 F.2d 497, 500-01 (2d Cir.1969) (Army's power to supervise Army artists need not have been exercised for their sculpture to be a work for hire).

We have recognized that under the 1909 Act a person could be an employee yet create a work "as a special job assignment, outside the line of [the employee's] regular duties." *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569, 570 (2d Cir.), *modified on other grounds*, 223 F.2d 252 (2d Cir.1955) ("*Shapiro/Vogel*"). In that event, the work is not a work for hire.[19] *See id.*

See Brattleboro, 369 F.2d at 567-68.

[18] For further discussion of commissioned works by independent contractors under the 1909 Act, *see Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 158-63 (2d Cir.2003).

[19] In *Shapiro/Vogel*, the employer had purchased the copyright for the initial term of the employee's work, a song lyric, by paying the employee $25

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The concept of "work made for hire" remains in the 1976 Act, which defines the phrase to mean "a work prepared by an employee within the scope of his or her employment" or, for certain types of works, "a work specially ordered or commissioned."[20] 17 U.S.C. § 101. In *Community for Creative Non-Violence v. Reid*, 490 U.S. 730, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989) ("*CCNV*"), the Supreme Court ruled that

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to write the lyric. Because this payment was in addition to his salary and the lyric-writing was a special job assignment, the lyric was not considered a work for hire, and the employer therefore did not own the renewal term. 221 F.2d at 570.

[20] The 1976 Act defines a "work made for hire" as

> (1) a work prepared by an employee within the scope of his or her employment; or
> (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

17 U.S.C. § 101.

The 1976 Act was the product of extensive negotiations by representatives of the entertainment industry and of authors. *See, e.g.*, Jessica D. Litman, *Copyright, Compromise, and Legislative History*, 72 Cornell L. Rev. 857, 859, 888-91 (1987). Their negotiations with respect to work for hire resulted in the exclusion of work for hire from certain possibilities of recapture by the creating author, to the disadvantage of those authors. In exchange, and to the advantage of authors, work for hire was narrowed to exclude most commissioned works. *See id.* at 889.

whether a person had created a work as an " 'employee within the scope of his or her employment,' " *id.* at 732, 109 S.Ct. 2166, was to be determined by reference to the common law of agency, and the non-exhaustive factors listed in section 220(2) of the Restatement (Second) of Agency (1958),[21] *see id.* at 738-41, 751-52, 109 S.Ct. 2166 (quoting 17 U.S.C. § 101). The

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[21] The Restatement's factors are:

> (a) the extent of control which, by the agreement, the [hiring party] may exercise over the details of the work;
> (b) whether or not the one employed is engaged in a distinct occupation or business;
> (c) the kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the employer or by a specialist without supervision;
> (d) the skill required in the particular occupation;
> (e) whether the employer or the workman supplies the instrumentalities, tools, and the place of work for the person doing the work;
> (f) the length of time for which the person is employed;
> (g) the method of payment, whether by the time or by the job;
> (h) whether or not the work is a part of the regular business of the employer;
> (i) whether or not the parties believe they are creating the relation of master and servant; and
> (j) whether the principal is or is not in business.

Restatement (Second) of Agency § 220(2).

> Our Court has accorded particular significance to the factors of
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> (1) the hiring party's right to control the manner and means of creation; (2) the skill required; (3) the provision of employee benefits; (4) the tax treatment of the hired party; and (5) whether the hiring party has the right to assign additional projects to the hired party.

Aymes v. Bonelli, 980 F.2d 857, 861 (2d Cir.1992).

Supreme Court also noted the following factors, among others: "whether the hiring party has the right to assign additional projects to the hired party," "the hired party's role in hiring and paying assistants," "the provision of employee benefits," and "the tax treatment of the hired party." *Id.* at 751-52, 109 S.Ct. 2166.

Thus, under both the 1909 and 1976 Acts, a person's status as an employee renders a work created within the scope of employment as a work for hire, as to which the copyright belongs to the employer (in the absence of a contract providing otherwise). Indeed, this was so before the 1909 Act. *See Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 248, 23 S.Ct. 298, 47 L.Ed. 460 (1903) ("There was evidence warranting the inference that the designs belonged to the plaintiffs, they having been produced by persons employed and paid by the plaintiffs in their establishment to make those very things.").

II. Application of Work-for-Hire Principles

The District Court ruled that nineteen of Graham's dances, listed in the margin,[22] were works for hire under the 1909 Act, *Graham II*, 224 F.Supp.2d at 590, and fifteen, listed

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[22] *Embattled Garden, Clytemnestra, Episodes: Part I, Acrobats of God, Phaedra, Secular Games, Legend of Judith, Circe, The Witch of Endor, Part Real-Part Dream, Cortege of Eagles, Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, Adorations, O Thou Desire Who Art About to Sing,* and *Shadows.*

in the margin,[23] were works for hire under the 1976 Act, *see* id. at 592. As discussed in Part IV, *infra,* the District Court ultimately found that seven of these dances belonged to none of the parties because of insufficient evidence as to whether the statutory notice requirements had been met when the dances were first published.[24]

Graham's pre-1956 dances. It is clear, as the District Court indicated, that Graham's 36 dances created before 1956 were not made for hire. *See id.* at 594. Prior to 1956, Graham was not an employee of either the School or the Center. The School did not exist until 1956. The Center, then called the Martha Graham Foundation for Contemporary Dance, Inc., did exist, having been incorporated in 1948. However, although the Center supported Graham's work by promoting and disseminating her technique and by raising and managing funds for performances of the Martha Graham Dance Company, the Center did not hire Graham prior to 1956 in any capacity, either as a traditional employee or as an independent contractor. Dances created by Graham prior to 1956 were therefore not works for hire, and, as far as the record discloses, the copyrights

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[23] *The Owl and the Pussycat, Ecuatorial, Frescoes, Judith (II), Acts of Light, Andromache's Lament, Phaedra's Dream, The Rite of Spring, Song, Tangled Night, Temptations of the Moon, Persephone, Night Chant, Maple Leaf Rag,* and *The Eyes of the Goddess.*

[24] These seven dances are the last seven of the nine dances listed in footnote 11, *supra;* the first two, created before 1955, were not found to be works for hire.

in them originally belonged to Graham[25] until they entered the public domain for lack of renewal[26] or unless she assigned them to the Center, *see* Part III, *infra*.

Graham's dances created from 1956 through 1965. Graham choreographed ten dances from 1956 through 1965. The District Court found that all ten of these, listed in the margin,[27] were works for hire under the 1909 Act.[28] *Graham II*,

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[25] The District Court found that neither party established ownership of five dances: *Herodiade, Dark Meadow, Cave of the Heart, Judith (I),* and *Canticle For Innocent Comedians,* which were commissioned works. *Graham II*, 224 F.Supp.2d at 570, 595. The District Court also found that neither party established ownership of *Errand into the Maze* and *Diversion of Angels,* because there was no evidence of adequate statutory notice. *Id.* at 603. We affirm these rulings.

[26] The District Court found that ten of the pre-1956 dances were published before January 1, 1964: *Flute of Krishna, Heretic, Lamentation, Celebration, Frontier, Panorama, Chronicle/Steps in the Street, American Document, Appalachian Spring,* and *Night Journey.* The District Court found that these dances were in the public domain for lack of renewal. *Graham II*, 224 F.Supp.2d at 595. We affirm that ruling. As discussed in Part IV, *infra,* we rule that *Tanagra* was also published before January 1, 1964, and remand for further determination as to its ownership.

[27] *Embattled Garden, Clytemnestra, Episodes: Part I, Acrobats of God, Phaedra, Secular Games, Legend of Judith, Circe, The Witch of Endor,* and *Part Real-Part Dream.*

[28] The District Court's finding covers nineteen dances that Graham created "before January 1, 1978[,] while she was [the Defendants'] employee." *Graham II*, 224 F.Supp.2d at 590. These nineteen dances, created during Graham's employment after 1956 and before January 1, 1978, include the ten dances created from 1956 through 1965.

224 F.Supp.2d at 587, 590. For the following reasons, we conclude that in this respect the District Court erred.

Although Graham was an employee of the School from 1956 through 1965, she was only a part-time employee, and, more significantly, we see no evidence that the scope of her employment included choreography. After the transfer of Graham's school to the corporation formed in 1956 for the purposes of teaching, researching, promoting, and creating dance through composition, commission, and performance, the newly incorporated School engaged Graham as its Program Director. Her salary was $15,000 per year for a term of ten years (from 1956 to 1966) for which she was obligated to give the School approximately one-third of her professional time each year. Although part of the School's purpose was the creation of dances, Graham's employment, per her contract, was only to teach and supervise the School's educational program, and not to choreograph. Indeed, during these ten years, Graham continued to receive income from other organizations for her dance teaching and choreography.

Graham's regular employment duties did not oblige her to create dances from 1956 through 1965, and there is no evidence that the School (her part-time employer) or the Center commissioned her to create these dances at their instance or "as a special job assignment, outside the line of [her] regular duties," *Shapiro/Vogel*, 221 F.2d at 570. Although the Defendants contend that the Center suggested dances for Graham to create during the period of her employment, each of their references to the evidence concerns events occurring after 1965. It may well be that the resources of the Center--notably, its rehearsal space and the dancers enrolled at the School--significantly aided Graham in her choreography,

thereby arguably satisfying the "expense" component of the "instance and expense" test, but no dances were proved to have been created before 1966 at the "instance" of the Center.

Apparently having assumed that Graham's employment contract prior to 1966 included creation of choreography,[29] the District Court determined copyright ownership for the ten dances Graham choreographed from 1956 through 1965 by considering the publication status of these dances. Three of the dances had been published. The District Court found that neither side had established ownership for two of them, *Clytemnestra* and *Circe,* because it was insufficiently proved that these dances had been published with the required statutory notice of copyright. *Graham II,* 224 F.Supp.2d at 594. One dance, *Acrobats of God,* was the only one of the three with the required statutory notice. *Id.* We agree with the District Court's

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[29] *See Graham II,* 224 F.Supp.2d at 592 (referring to Graham's "35 years as a regular employee of defendants").

findings with respect to publication and notice.[30] *See* Graham *II*, 224 F.Supp.2d at 613.

Our disagreement with the District Court's work-for-hire ruling with respect to the ten dances created during Graham's part-time employment with the Center and our general agreement with the Court's publication and notice rulings as to the three of those dances that were published leads to the following disposition. We vacate the District Court's judgment with respect to the seven works, listed in the margin,[31] created from 1956 through 1965 that were unpublished, and remand for the District Court to determine whether Graham assigned any of these seven works to the Center, or whether they passed to Protas through Graham's residuary estate. We affirm the judgment with respect to *Clytemnestra* and *Circe*. We reverse the judgment with respect to *Acrobats of God*.

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[30] If *Circe* was published after March 1, 1989, the effective date of the BCIA, statutory notice would not be required. The District Court found only that *Circe* was published "[b]efore 1993," Graham *II*, 224 F.Supp.2d at 593, and we have found no evidence to make the date of publication more precise. Thus, we are unable to say that *Circe* was published after March 1, 1989, and exempt from the statutory notice requirement.
The District Court deemed *Acrobats of God* a work for hire, and found that the copyright notice in the Center's name preserved the Center's copyright in it. Although we are ruling that *Acrobats of God*, created before Graham's 1966 contract, was not a work for hire and that the copyright belonged to Graham, the copyright notice in the Center's name was sufficient to preserve Graham's copyright. *See* Goodis v. United Artists Television, Inc., 425 F.2d 397, 402-03 (2d Cir.1970). For the disposition of the copyright in this dance, *see* Part V, *infra*.

[31] *Embattled Garden, Episodes: Part I, Phaedra, Secular Games, Legend of Judith, The Witch of Endor,* and *Part Real-Part Dream.*

APPENDIX F
[Opinion of The United States
Court of Appeals, Second Circuit]

Graham's dances created from 1966 through 1977. The District Court found that the copyrights in all nine works created by Graham from 1966 through 1977, listed in the margin,[32] were made for hire and initially belonged to the Center.[33] Before considering the Appellants' challenge to this ruling, we set forth more of the facts concerning Graham's status as a full-time employee after 1966.

After Graham's initial ten-year contract with the School expired, she was rehired for another ten-year term from 1966 to 1976. Rather than renew her former contract with the School, Graham signed a new contract with the Center that altered both the nature and extent of her employment from part-time dance instructor to full-time choreographer. Her new contract was renewed indefinitely in 1976.

As reflected in the change of Graham's title from Program Director of the School to Artistic Director of the Center, Graham's duties became focused on choreography, rather than on teaching. The Center's Board of Directors urged Graham to complete "[a]s many [new dances] as possible," and "[t]each[ ] [only] when permitted by schedule." The Board even

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[32] *Cortege of Eagles, Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, Adorations, O Thou Desire Who Art About to Sing,* and *Shadows.*

[33] The District Court's finding covers nineteen dances that Graham created "before January 1, 1978[,] while she was [the Defendants'] employee." *Graham II*, 224 F.Supp.2d at 590. These nineteen dances, created during Graham's employment after 1956 and before January 1, 1978, include the nine dances created from 1966 through 1977.

suggested possible themes for new dances for Graham to choreograph. Graham's employment also shifted from part-time to full-time, with a substantial increase in salary. We see nothing in the record to indicate that after 1966 Graham choreographed dances on commission for third parties. Graham remained the Center's Artistic Director, as well as Chief Executive, until her death in 1991.

Graham's status as an employee of the Center with contractual duties to create dances gives rise to the principal issue on this appeal: whether the dances she created from 1966 through 1977 (and, as we discuss in the next section, from 1978 through 1991) were works for hire belonging to the Center under traditional doctrine or whether, as the Appellants contend, the work-for-hire doctrine is inapplicable in view of Graham's central role with that entity. The Appellants argue that she was not an employee within the scope of the 1909 Act. Even if Graham was technically a salaried employee of the Center, and even if she undeniably choreographed dances at the Center's expense, the Appellants contend that she choreographed at no one's instance but her own. The *Amici Curiae*[34] put the argument even more strongly, contending that "[t]he better result would be to apply the work-for-hire doctrine only cautiously, if at all, in situations where the putative 'employer' is a not-for-profit corporation formed for the purpose of encouraging and

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[34] *Amici Curiae* are the American Dance Festival, Inc., a not-for-profit corporation committed to promoting the art of dance, founded in part by Graham; Gerald Arpino, Artistic Director of the Joffrey Ballet of Chicago; and Gordon Davidson, Artistic Director of the Center Theatre Group/Mark Taper Forum of the Los Angeles County Music Center.

supporting authors in their creative endeavors." Br. for *Amici Curiae* at 2.

The argument of the Appellants and the *Amici* is not without some appeal, at least as a matter of creative arts policy. We understand their point that where a corporation is formed for the purpose of fostering a supportive environment in which an employed artist will have the opportunity to create new works, the default rule should leave the copyrights in the new works with the employee, and place on the employer the burden of pursuing a contract to obtain her copyrights. Whatever the intrinsic merit of such an approach, we conclude that its adoption is a matter of legislative choice for Congress in the future, not statutory interpretation for a court at present. We turn then to an assessment of Graham's role under prevailing work-for-hire principles.

No doubt Graham was a self-motivator, and perhaps she would have choreographed her dances without the salary of Artistic Director, without the Center's support and encouragement, and without the existence of the Center at all, but all that is beside the point. The fact is that the Center did employ her to do the work, and she did the work in the course of her regular employment with the Center. Where an artist has entered into an explicit employment agreement to create works, works that she creates under that agreement cannot be exempted from the work-for-hire doctrine on speculation about what she would have accomplished if she had not been so employed.

It is true that as the revered doyenne, Graham held remarkable sway over the Center's Board of Directors. However, Graham went to great lengths to become an employee

of the Center so that she could insulate herself from the legal and financial aspects of her work. As an employee, Graham could have been discharged by the Center, even though that prospect was unlikely, and, for her part, Graham could have relinquished the support of a regular salary by electing to leave the Center.

The Appellants contend that Graham's role with the Center is more distant from a work-for-hire relationship than that of the monk whose writings and religious lectures the Ninth Circuit ruled were not works for hire under the 1909 Act, even though at the time of their creation the monk was supported by the church that he had founded. *See Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 206 F.3d 1322 (9th Cir.2000) ("*SRF Church* "). Whether or not we would agree with *SRF Church,* we view it, as did the Ninth Circuit, as involving a person with much less of a connection to his "employer" church than would obtain in a "traditional [employment] relationship." *Id.* at 1326-27. The monk was a religious leader who lived under a vow of poverty in quarters provided by the church that he founded and headed. He received a small monthly stipend, having renounced in writing any claim for compensation. *See id.* at 1324-25. In contrast, Graham received a salary specifically to create the intellectual property at issue in this litigation. After 1966, the Center paid Graham to be its Artistic Director, and her primary duty was to choreograph new dances.

In arguing that Graham's dances were not created at the "instance" of the Center, the Appellants endeavor to give that word a more particularized meaning than is appropriate for the context in which the "instance and expense" test applies. There

is no need for the employer to be the precipitating force behind each work created by a salaried employee, acting within the scope of her regular employment. Many talented people, whether creative artists or leaders of major corporations, are expected by their employers to produce the sort of work for which they were hired, without any need for the employer to suggest any particular project. "Instance" is not a term of exclusion as applied to specific works created within the scope of regular employment. It may have more significance in determining whether an employee's work somewhat beyond such scope has been created at the employer's behest or to serve the employer's interests, *see* Avtec Systems, Inc. v. Peiffer, 21 F.3d 568, 572-74 (4th Cir.1994) (remanding for reconsideration of whether employee's creation of computer program was motivated by desire to further employer's corporate goals); 1 *Nimmer* § 5.03[B][1][b][I], or whether a work has been "specially ordered or commissioned" under the 1976 Act, 17 U.S.C. § 101 ("work made for hire"); *Playboy*, 53 F.3d at 562 ("[T]he phrase 'specially ordered or commissioned' has essentially the same meaning as 'instance and expense.' ").

Of course, the presumption that, under the 1909 Act, Graham's post-1966 dances were made for hire may be rebutted by sufficient proof, for example, evidence that Graham personally received royalties for her dances. The Plaintiffs offered some evidence to prove that Graham received royalties for dances created after 1966, but the District Court, with ample justification, declined to credit such evidence.

We agree with the District Court that the dances created from 1966 through 1977 are works for hire.[35]

Graham's dances created from 1978 through 1991. Dances created by Graham from 1978 through 1991 are subject to the 1976 Act. Applying the teachings of *CCNV*, the District Court made findings as to Graham's status as an employee that are fully supported by the record, and we agree with the Court's conclusion that under the factors listed in the Restatement (Second) of Agency, Graham's dances created from 1978 through 1991, listed in the margin,[36] were works for hire. *See Graham II*, 224 F.Supp.2d at 591-92.

Several factors, including ones to which we have accorded particular significance, weigh in favor of finding an

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[35] Two of the works in this group, *Cortege of Eagles* and *Adorations*, were published. The District Court ruled that the copyright in *Cortege of Eagles* belongs to the Center. *Graham II*, 224 F.Supp.2d at 594. We agree. Upon creation of that dance in 1967, the copyright initially belonged to the Center. It was published in 1969 with the required statutory notice in the Center's name as part of a video called *3 by Martha Graham*. The renewal term automatically began in 1997, *see* 17 U.S.C. § 304(a), and the Center placed a notice of renewal with the Copyright Office in 2001. The District Court found that neither party had proved that *Adorations* was published in 1976 with the required statutory notice. *Graham II*, 224 F.Supp.2d at 593-94. We affirm both rulings.
We agree that the remaining dances--*Plain of Prayer, Mendicants of Evening, Jacob's Ladder, Lucifer, The Scarlet Letter, O Thou Desire Who Art About to Sing*, and *Shadows*--are works for hire under the 1909 Act.

[36] *The Owl and the Pussycat, Ecuatorial, Frescoes, Judith (II), Acts of Light, Andromache's Lament, Phaedra's Dream, The Rite of Spring, Song, Tangled Night, Temptations of the Moon, Persephone, Night Chant, Maple Leaf Rag*, and *The Eyes of the Goddess*.

employment relation between Graham and the Center. During the entire interval from 1978 to 1991, Graham continued as the Center's Artistic Director. She received employee benefits and reimbursement for personal expenses, travel, and medical benefits, and a regular salary "[t]o make dances." Trial transcript 223 (testimony of Lee Traub). The Center routinely withheld income and social security taxes from her salary. Graham created her dances on the Center's premises and with the Center's resources. Graham's choreography was also the regular activity of the Center. All these factors weigh in favor of finding an employment relation between Graham and the Center.

It is true that the Center did not exercise much control over Graham, but the absence of a hiring party's *exercise* of control does not mean that an artist is not an employee where other factors weigh in favor of finding an employment relationship. In *Carter v. Helmsley-Spear, Inc.*, 71 F.3d 77, 85-88 (2d Cir.1995), we ruled that an elaborate sculpture was a work for hire under the 1976 Act despite the fact that the artists "had complete artistic freedom with respect to every aspect of the sculpture's creation," *id.* at 86.

The fact that Graham was extremely talented understandably explains the Center's disinclination to exercise control over the details of her work, but does not preclude the sort of employee relationship that results in a work for hire. The Restatement (Second) of Agency notes that there are many occupations in which the employer would not normally exercise control over the details of the employee's work. The "control or right to control needed to establish the relation of master and servant may be very attenuated." Restatement (Second) of

Agency § 220(1) cmt. d (1958). The Restatement offers the example of a "full-time cook" over whose culinary activity "it is understood that the employer will exercise no control." *Id.* The Restatement further notes that "ship captains and managers of great corporations are normally superior servants, differing only in the dignity and importance of their positions from those working under them." *Id.* § 220(1) cmt. a.

Our reasons for rejecting the Appellants' argument that Graham's artistic talent and the Center's purpose to promote her art do not exempt her dances from the work-for-hire principles of the 1909 Act apply equally to the status of her dances governed by the 1976 Act. Graham's fifteen dances created in and after 1978 were properly found to be works for hire.

Having found that these fifteen dances were works for hire, the District Court determined whether the Center was entitled to a declaration of ownership by considering whether they were published and, if so, whether they were published with required notice. The Court found that five dances, listed in the margin,[37] were published, but that four of these had not been shown to have been published with notice, and that one, *Maple Leaf Rag,* did not require notice under the BCIA because it was published in 1991. The Court therefore ruled that the ten

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[37] *Acts of Light, The Rite of Spring, Temptations of the Moon, Night Chant,* and *Maple Leaf Rag. Acts of Light* was published in 1984, thus requiring notice. As the District Court found, *The Rite of Spring, Temptations of the Moon,* and *Night Chant* were published before 1993, *see* Graham II, 224 F.Supp.2d at 613, but there is no evidence showing that they were published after March 1, 1989, the effective date of the BCIA, and thus exempt from the requirement of statutory notice.

unpublished dances, listed in the margin,[38] and *Maple Leaf Rag* were within the group that belonged to the Center. *Graham II*, 224 F.Supp.2d at 587, 592-94. We affirm that ruling. Within one of the unpublished dances, *Frescoes*, is what may well be a distinct dance, *Duets*, which was published, as we explain in Part IV, *infra*. As to that dance, *Duets*, we remand for determination of whether (1) *Duets* is a distinct dance within the dance *Frescoes*, and (2) if so, whether *Duets* was published with the requisite notice.

III. Assignment

The Appellants contend that the District Court erred in finding that Graham assigned to the Center 21 dances, listed in the margin,[39] which were created before 1956, unpublished at the time of assignment, and not commissioned, *see* *Graham II*, 224 F.Supp.2d at 597. We disagree.

A valid assignment of statutory copyright must be in writing. *See* 17 U.S.C. § 204(a); *see* *Jasper v. Bovina Music, Inc.*, 314 F.3d 42, 46- 47 (2d Cir.2002). However, we have

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[38] *The Owl and the Pussycat, Ecuatorial, Frescoes* (except for *Duets*, which we rule was published and which we remand for determination of ownership), *Judith II, Andromache's Lament, Phaedra's Dream, Song, Tangled Night, Persephone*, and *The Eyes of the Goddess*.

[39] *Tanagra, Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul Is a Circus, El Penitente, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Errand into the Maze, Diversion of Angels, Eye of Anguish, Ardent Song*, and *Seraphic Dialogue*. As a result of its conclusion that works created from 1956 through 1965 were works for hire, belonging to the Center, the District Court did not make a finding as to whether Graham assigned these works to the Center.

ruled that assignments of common law copyright need not be in writing. *See* Houghton Mifflin Co. v. Stackpole Sons, Inc., 104 F.2d 306, 311 (2d Cir.1939) (fact that German publishers had the manuscript of Adolf Hitler's *Mein Kampf* sufficed to imply assignment of common law copyright).

Although there is no document memorializing Graham's assignment of copyright in her pre-1956 dances to the Center, the District Court was entitled to find that Graham assigned to the Center, orally or in writing, her copyrights in her non-commissioned pre-1956 dances that were not published at the time she assigned them. *See* Graham II, 224 F.Supp.2d at 596-601.

The District Court relied on several items of evidence to reach its conclusion. *Id.* For example, Jeannette Roosevelt, former President of the Center's board of directors, testified that Graham had given the dances to the Center prior to 1965 or 1966, when she joined the board. There was additional evidence that the Center acted as the owner of the dances by entering into contracts with third parties, and that Graham was aware of this and did not object. Other evidence showed that the Center received royalties for the dances and treated them as its assets. However, the only evidence that Graham had assigned the entire group of her pre-1956 dances (non-commissioned and unpublished) to the Center are two letters from Lee Leatherman, the Center's Executive Administrator at that time, written in 1968 and 1971. These letters indicated that "[r]ecently Miss Graham assigned performing rights to all of her works to the Martha Graham Center of Contemporary Dance, Inc.," and that "Martha has assigned all rights to all of her works to the Martha

Graham Center, Inc." The Appellants contend that these letters are hearsay and were impermissibly considered.

These two letters, both "in existence 20 years or more at the time [they were] offered" as evidence, *see* Fed.R.Evid. 901(b)(8)(C), were authenticated as ancient documents. There was no reason to suspect their authenticity. *See id.* 901(b)(8)(A). Moreover, Linda Hodes, a witness with relevant knowledge, testified that the letters were what they purported to be. *See id.* at 901(b)(1). The letters were therefore exceptions to the hearsay rule. *See id.* at 803(16); *see also id.* at 807. The District Court did not err in admitting and relying on these letters.

Under New York law, "an assignment ... may be made without writing or delivery of any written statement of the claim assigned, ... provided only that the assignment is founded on a valid consideration between the parties." *Risley v. Phenix Bank*, 83 N.Y. 318, 328 (1881). The District Court was entitled to find that Graham received consideration for the assignment of her pre-1956 dances. Graham benefitted from the Center's assumption of the legal and financial duties associated with her choreography; assigning to the Center the copyrights in her dances gave her what she wished-- freedom from the responsibilities of copyright registration and renewal, licensing, collection of royalties, and archival tasks.

The District Court was entitled to find that Graham assigned her pre-1956 dances that had not fallen into the public

domain, listed in the margin,[40] to the Center sometime between 1957 and the mid-1960s.

IV. Publication

The District Court found that sixteen of the pre-1956 dances and ten of the post-1956 dances were published. *Graham II*, 224 F.Supp.2d at 583. The Appellants contend principally that the District Court erred by relying on hearsay to make these findings. We disagree. The District Court properly relied on non-hearsay evidence to determine which dances were published.

The District Court cited five but relied primarily on two documents containing lists of published dances. *Id.* at 580-82. Those documents were (1) a 1993 list prepared by Christina Duda of 21 ballets that had been "filmed and sold"; (2) a 1990 list prepared by Christopher Herrmann of nineteen "commercially produced" films and video tapes; (3) a 1991 letter introduced by Protas; (4) a catalog of the New York Public Library showing that seven of 26 published dances were

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[40] The District Court found that Graham had assigned 21 dances to the Center. *Graham II*, 224 F.Supp.2d. at 597. Our ruling that *Tanagra* was published before 1966, *see infra*, Part IV, and our agreement with the District Court that neither party established statutory notice (required for ownership) for *Errand into the Maze* and *Diversion of Angels*, leave the following eighteen dances (created before 1956, unpublished at the time of assignment, and not commissioned) within the scope of the District Court's ruling as to assignment by Graham to the Center: *Three Gopi Maidens, Harlequinade, Primitive Mysteries, Serenade, Satyric Festival Song, Dream, Saraband, Imperial Gesture, Deep Song, Every Soul is a Circus, El Penitente, Letter to the World, Punch and the Judy, Salem Shore, Deaths and Entrances, Eye of Anguish, Ardent Song*, and *Seraphic Dialogue*.

rented or sold prior to 1975; and (5) a 2001 letter from the Copyright Office raising serious questions regarding the publication status of 26 published dances. *See id.*

The District Court received the 1993 Duda list in its entirety. The Appellants assert that the list was hearsay and inadmissible. In fact, the list was an admission by a party-opponent, and not hearsay under Fed.R.Evid. 801(d)(2)(D). At trial, Protas admitted that Duda had been his assistant and that the list had been created by Duda in the scope of her employment. The Appellants also argue that Herrmann's list was inadmissible principally because it lacked any indication of authorship. However, Herrmann, who was an assistant to Protas in 1987 and then in charge of archiving films for the Center until 1990, testified that he prepared the list. Both the Duda and Herrmann lists were probative as to whether the works had been published. They were not merely lists of dances that had been filmed, but of films that had been "sold," and films that were "commercially produced."

The District Court did not exceed its discretion in admitting the five challenged documents. *See Silverstein v. Chase*, 260 F.3d 142, 145 (2d Cir.2001) (setting forth standard of review for evidentiary rulings), and we agree with the Court's legal conclusion that the dances listed on these documents were published for purposes of both the 1909 and 1976 Acts. *See* 17 U.S.C. § 101 ("Publication"); *Roy Export Co. v. Columbia Broadcasting System*, 672 F.2d 1095, 1101-02 (2d Cir.1982) (publication under 1909 Act). However, the Court erred in omitting two dances: *Tanagra*, which was published in the 1920s and *Duets* (from *Frescoes*), which was published in 1979, both of which appear on Herrmann's list. Perhaps the District Court regarded these two dances as unpublished because they

are listed under the sub-heading "Films with Producers Unknown." However, this sub-heading is within the overall heading "List of Commercially Produced Films and Video Tapes."

V. Statutory notice and renewal

The Appellants challenge the District Court's finding of statutory notice and subsequent renewal with respect to a videotape entitled *3 by Martha Graham,* which includes three dances: *Seraphic Dialogue, Acrobats of God,* and *Cortege of Eagles.* The Appellants argue that the Center's statutory notice was defective because it named the Center as the holder of copyright, when, in the Appellants' view, Graham was the owner of the copyrights. As discussed above, at the time of publication, *Seraphic Dialogue* belonged to the Center by assignment, and *Cortege of Eagles* belonged to the Center as a work for hire. Thus, the copyright notice on the video was properly credited to the Center for these two dances.

Acrobats of God was not a work for hire. Regardless of whether its copyright remained with Graham or had been transferred by assignment to the Center at the time of publication, the statutory notice on the video was adequate to preserve the copyright. An author's copyright is preserved even when the stated party on a copyright notice is not precisely correct. *See* Goodis v. United Artists Television, Inc., 425 F.2d 397, 403 (2d Cir. 1970).

Under 17 U.S.C. § 304(a)(2)(B), whether or not timely registration was made, the renewal terms for all three works

automatically began in 1998. As for *Cortege of Eagles,* a work for hire belonging to the Center, the renewal term belongs to the Center, under 17 U.S.C. § 304(a)(2)(A), even if it had not applied for renewal certificates in 2001.[41] As for *Seraphic Dialogue* and *Acrobats of God,* even if Graham had assigned the renewal terms to the Center, her death in 1991, prior to the beginning of the renewal term, voided such assignments, and the renewal terms reverted back to the author (*i.e.,* Graham). *See* 17 U.S.C. § 24 (repealed); *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 157 & n. 7 (2d Cir.2003). As Graham's beneficiary, Protas inherited the copyrights in *Seraphic Dialogue* and *Acrobats of God.* The District Court correctly ruled that Protas owned the copyright in *Seraphic Dialogue.* However, the District Court erred in ruling that *Acrobats of God* belonged to the Center, and we therefore reverse the District Court's decision with respect to this work.

VI. Other Issues

Theatrical properties. The Appellants also challenge the District Court's evidentiary basis for finding that Graham assigned her pre-1957 Noguchi sets to the School (as opposed to the Center). The District Court did not err in admitting Graham's January 15, 1957, unsigned letter as an ancient document, and in crediting its statement that Graham was transferring numerous sets and properties, including the Noguchi sets, to the School. *See Graham II,* 224 F.Supp.2d at 604. The transfer was confirmed in a 1958 Tax Protest submitted to the IRS, stating that Graham had made a considerable donation to the School in 1957, including "the complete theatrical settings

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[41] The Center sought renewal certificates for all three works.

for sixteen separate dance-dramas, most of which settings had been executed for her by the celebrated Japanese-American artist, Isamu Noguchi." Graham's reservation of the "full right and priority to use all properties" transferred did not invalidate the assignment. *See generally* Conde Nast Publications, Inc. v. United States, 575 F.2d 400, 402-03 (2d Cir.1978). The Appellants point to numerous items of evidence suggesting that Graham did not assign the properties and continued to own them. However, the majority of this evidence rests on the credibility of Protas, whom the District Court was entitled not to credit.

Because no evidence was presented as to which of the pre-1957 properties Graham might have reserved for herself, the District Court reasonably concluded that all of the theatrical properties in Graham's possession predating January 15, 1957, had been transferred to the Defendants. Graham II, 224 F.Supp.2d at 604-06.

The Appellants also challenge the District Court's findings with respect to the post-1957 properties. The Court concluded that the evidence was insufficient for either side to obtain a declaration of ownership with respect to the Noguchi sets and jewelry accompanying dances created after January 15, 1957, and that all of the remaining sets and costumes belong to the Defendants because they had either paid for them or received them as gifts. Id. at 606. There is no merit to the Appellants' argument, which consists primarily of an alternate evaluation of the evidence.

Breach of fiduciary duty. Protas challenges the District Court's finding that he breached his fiduciary duty to the

Defendants, in violation of New York's Not-for-Profit Corporation Law § 717(a). *See id.* at 609. We conclude, however, that the District Court did not err in granting the Defendants' counterclaim for breach of Protas's fiduciary duty to the Center. There was evidence that Protas ignored questions that surfaced from several sources about his ownership of the dances, sets, and costumes, and made assertions regarding ownership of these items to the Center's board of directors and to third parties. These assertions were, at best, irresponsibly made, and, at worst, intentionally misleading. Moreover, the Court had ample evidence that Protas sought to register as unpublished works in his own name works that he knew to be published and to belong to the Center.

Constructive trust. The Appellants also challenge the District Court's imposition of a constructive trust on proceeds from property licensed and sold by the Trust, *see id.* at 613. To the extent that the Trust licensed and sold property that belonged to the Center, the constructive trust is warranted. Under New York law, the equitable remedy of a constructive trust is appropriate when there is clear and convincing evidence of (1) a confidential or fiduciary relationship; (2) an express or implied promise; (3) a transfer in reliance on such a promise; and (4) unjust enrichment. *Caballero v. Anselmo*, 759 F.Supp. 144, 147 (S.D.N.Y.1991). As the Artistic Director of the Center, Protas was a fiduciary of the Defendants, and this position carried with it an implied promise to act in the Center's best interest. Protas licensed and sold properties that did not belong to him, for his own enrichment. We remand for a recalculation of the amount subject to the constructive trust, in

light of the findings the District Court will make on remand in determining ownership of nine dances.[42]

Conclusion

We commend the District Court for its careful rulings on the many issues in this complicated case, most of which we affirm. We reverse the District Court's determination of ownership of *Acrobats of God* because its renewal term belongs to Protas. We vacate and remand to the District Court for determination of ownership with respect to seven dances created between from 1956 through 1965,[43] and two dances that were incorrectly deemed unpublished,[44] and for recalculation of the amount subject to the constructive trust. As to the District Court's rulings on all other dances and all the properties, we affirm. All of our rulings as to the dances are listed in the following Appendix.

Dated: New York, New York
August 18, 2004

Jon O. Newman
United States Circuit Judge

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[42] *See* footnotes 43, 44, *infra.*

[43] *Embattled Garden, Episodes: Part I, Phaedra, Secular Games, Legend of Judith, The Witch of Endor,* and *Part Real-Part Dream.*

[44] *Tanagra* and *Duets* (from *Frescoes*).

APPENDIX F
[Opinion of The United States Court of Appeals, Second Circuit]

Appendix

Dance	Date of creation/ publication	Dist. Ct. ruling	Ct. App. ruling
Dances created before 1956:			
Tanagra	1926/1920s-30s	assigned to Center	remand
Three Gopi Maidens	1920s	assigned to Center	affirm
Flute of Krishna	1920s/1923	public domain	affirm
Heretic	1929/1930	public domain	affirm
Lamentation	1930/1930	public domain	affirm
Harlequinade	1930	assigned to Center	affirm
Primitive Mysteries	1931	assigned to Center	affirm
Serenade	1931	assigned to Center	affirm
Satyric Festival Song	1932	assigned to Center	affirm
Celebration	1934/1934	public domain	affirm
Dream	1934	assigned to Center	affirm
Saraband	1934	assigned to Center	affirm
Imperial Gesture	1935	assigned to Center	affirm
Frontier	1935/1935	public domain	affirm
Panorama	1935/1935	public domain	affirm
Chronicle/ Steps in the Street	1936/1936	public domain	affirm
Deep Song	1937	assigned to Center	affirm

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American Document	1938/1938	public domain	affirm
Every Soul Is a Circus	1939	assigned to Center	affirm
El Penitente	1940/1991	assigned to Center	affirm
Letter to the World	1941	assigned to Center	affirm
Punch and the Judy	1941	assigned to Center	affirm
Salem Shore	1943	assigned to Center	affirm
Deaths and Entrances	1943	assigned to Center	affirm
Appalachian Spring	1944/1959	public domain	affirm
Herodiade	1944/1991	ownership unproved	affirm
Dark Meadow	1946	ownership unproved	affirm
Cave of the Heart	1946/1976	ownership unproved	affirm
Night Journey	1947/1960	public domain	affirm
Errand into the Maze	1947/1984	ownership unproved	affirm
Diversion of Angels	1948/1976	ownership unproved	affirm
Judith (I)	1950	ownership unproved	affirm
Eye of Anguish	1950	assigned to Center	affirm
Canticle for Innocent	1952	ownership unproved	affirm

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Comedians			
Ardent Song	1954	assigned to Center	affirm
Seraphic Dialogue	1955/1969	Protas (renewal term)	affirm
Dances created from 1956 through 1965:			
Embattled Garden	1958	Center (work for hire)	remand
Clytemnestra	1958/1979	ownership unproved	affirm
Episodes: Part I	1959	Center (work for hire)	remand
Acrobats of God	1960/1969	Center (work for hire)	reverse
Phaedra	1962	Center (work for hire)	remand
Secular Games	1962	Center (work for hire)	remand
Legend of Judith	1962	Center (work for hire)	remand
Circe	1963/before 1993	ownership unproved	affirm
The Witch of Endor	1965	Center (work for hire)	remand
Part Real-Part Dream	1965	Center (work for hire)	remand
Dances created from 1966 through 1977:			
Cortege of Eagles	1967/1969	Center (work for hire)	affirm
Plain of Prayer	1968	Center (work for hire)	affirm
Mendicants of Evening	1973	Center (work for hire)	affirm
Jacob's			

Ladder	1974	Center (work for hire)	affirm
Lucifer	1975	Center (work for hire)	affirm
The Scarlet Letter	1975	Center (work for hire)	affirm
Adorations	1975/1976	ownership unproved	affirm
O Thou Desire Who Art About to Sing	1977	Center (work for hire)	affirm
Shadows	1977	Center (work for hire)	affirm

Dances created from 1978 through 1991:

The Owl and the Pussycat	1978	Center (work for hire)	affirm
Ecuatorial	1978	Center (work for hire)	affirm
Frescoes (except Duets)	1978	Center (work for hire)	affirm
Duets (from Frescoes)	1978/1979	Center (work for hire)	remand
Judith (II)	1980	Center (work for hire)	affirm
Acts of Light	1981/1984	ownership unproved	affirm
Andromache's Lament	1982	Center (work for hire)	affirm
Phaedra's Dream	1983	Center (work for hire)	affirm
The Rite of Spring	1984/before 1993	ownership unproved	affirm
Song	1985	Center (work for hire)	affirm
Tangled Night	1986	Center (work for hire)	affirm

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Temptations of the Moon	1986/before 1993	ownership	unproved	affirm
Persephone	1987	Center	(work for hire)	affirm
Night Chant	1988/before 1993	ownership	unproved	affirm
Maple Leaf Rag	1990/1991	Center	(work for hire)	affirm
The Eyes of the Goddess	1991	Center	(work for hire)	affirm

Appendix G - Order of The United States Court of Appeals, Second Circuit [Pages 193a - 195a]

United States Court of Appeals,
Second Circuit.
MARTHA GRAHAM SCHOOL AND DANCE FOUNDATION, INC. and Ronald Protas, Individually and as Trustee of the Martha Graham Trust,
Plaintiffs-Appellants,
v.
MARTHA GRAHAM CENTER OF CONTEMPORARY DANCE, INC. and Martha Graham School of Contemporary Dance, Inc., Defendants-Appellee,
Eliot L. SPITZER, Attorney General of the State of New York,
Intervenor-Defendant-Appellee.
Docket No. 02-9451.

September 22, 2004.

Present NEWMAN, KEARSE, and POOLER, Circuit Judges

ORDER

The Plaintiffs-Appellants have filed a petition for rehearing, contending that, although this Court's opinion, filed August 18, 2004, correctly ruled that Martha Graham's dances created from 1956 to 1965 were not works for hire, the opinion incorrectly ruled, in agreement with the District Court, that her dances created after 1966 were works for hire. The Petition argues that Martha Graham's status with her employer remained the same after 1966 as in the period 1956 -1965.

We recognize that the minutes of a 1966 meeting of the

board of the employer recite that her contract was renewed "under the same terms and conditions" as the prior contract. Nevertheless, indisputable evidence indicates that, with respect to matters relevant to the work-for-hire doctrine, Graham's employment activity changed significantly. Under Graham's 1956 ten-year contract, according to the tax protest memorandum submitted to the Internal Revenue Service by the Martha Graham School of Contemporary Dance, Inc., she was employed as Program Director, responsible for the corporation's educational program and that she devoted only one-third of her professional time to her employment (JA 4316). No one disputes that after 1966 she was employed full time (her title became Artistic Director (JA 3248)) and that her duties included choreography, for which she had "[s]ole responsibility," (JA 3254). According to a post-1966 job description, she "[t]eaches only when permitted by schedule" (JA 3254). After 1966, her employer "urged here to choreograph as much as she wanted to" (JA 920), and a 1969 letter to Graham from the Board's president identified Graham's first priority as "New Works - As many as possible" (JA 3244).

Indeed, if the Plaintiffs-Appellants were correct that Graham's employment activity after 1966 was the same as her activity from 1956 to 1965, the consequence would be that her dances created in that earlier period would be works for hire, belonging to the employer, just like her dances created after 1966. The distinction we noted between her employment activity in the two periods inured to the benefit fo the Plaintiffs-Appellants, and we do not understand them to wish to relinquish whatever benefit the distinction accorded them.

The petition for rehearing is denied.

FOR THE COURT,
Roseann B. MacKechnie, Clerk

Appendix H - Order of The United States Court of Appeals, Second Circuit

United States Court of Appeals,
Second Circuit.
MARTHA GRAHAM TRUST,
v.
MARTHA GRAHAM CENTER.
Docket No. 02-9451.

Oct. 21, 2004.

A petition for panel rehearing and a petition for rehearing en banc having been filed herein by the appellant Martha Graham Trust et al.,

Upon consideration by the panel that decided the appeal, it is ordered that said petition for rehearing is **DENIED.**

It is further noted that the petition for rehearing en banc has been transmitted to the judges for the court in regular active service and to any other judge that heard the appeal and that no such judge has requested that a vote be taken thereon.

Dated: New York, New York
October 21, 2004

For the Court,
Roseann B. MacKechnie, Clerk

APPENDIX I - Letter from the Supreme Court of The United States [197a -198a]

Supreme Court of the United States
Office of the Clerk
Washington, DC 20543-0001

William K. Suter
Clerk of the Court
(202) 479-3011

January 11, 2005

Mr. Judd Burstein
1790 Broadway, Suite 1501
New York, NY 10019

Re: Martha Graham School and Dance Foundation, Inc., and Ronald M. Protas, individually and as Trustee of the Martha Graham Trust v. Elliot Spitzer, Attorney General of the State of New York Application No. 04A602

Dear Mr. Burstein:

The application for an extension of time within which to file a petition for a writ of certiorari in the above-entitled case has been presented to Justice Ginsburg, who on January 11, 2005 extended the time to and including March 21, 2005.

This letter has been sent to those designated on

the attached notification list.

Sincerely,

William K. Suter, Clerk

by

Gail Johnson
Case Analyst